

AD-A259 332



**LOCAL
OFFICIALS
GUIDE
TO**

Acquisition For

NTIS Grant

DTIC TAB

Unannounced

Justification

By

Dissemination /

Availability Codes

Availability and/or

Dist. Control

A-1

DTIC QUALITY INSPECTED 8

**DEFENSE ECONOMIC
ADJUSTMENT**

by
Virginia M. Mayer

DTIC
SELECTED
JAN 8 1993
S C D



**BEST
AVAILABLE COPY**



NATIONAL LEAGUE OF CITIES

93-00489



13098

93 1 07 027

LOCAL OFFICIALS GUIDES

NLC's "Local Officials Guide" series consists of practical, "how-to" information designed to assist local government leaders in carrying out their policy and program implementation responsibilities more effectively.

Publications in this series include:

- Housing and Community Development Act of 1987
- Municipal Incinerators: 50 Questions Every Local Government Should Ask
- Transit Financial Planning
- Small Business Partnerships
- Family Day Care Zoning
- Community Traffic Safety Programs
- Public Real Estate Asset Management
- Dynamic City Commercial
- Ways and Means for Children and Families
- Community Reinvestment Act
- Minority Business Program and Disparity Studies
- Complying with the Americans with Disabilities Act
- Goal Setting: Steps to Progress
- Defense Economic Adjustment

For ordering information on these or other NLC publications, contact:

Publications Department
National League Cities
1301 Pennsylvania Avenue, N.W.
Washington, D.C. 20004
(202) 626-3150

LOCAL OFFICIALS GUIDE TO

DTIC QUALITY INSPECTED 8

DEFENSE ECONOMIC ADJUSTMENT

by
Virginia M. Mayer



NATIONAL LEAGUE OF CITIES

Accession For	
NTIS	<input checked="" type="checkbox"/>
DIC	<input type="checkbox"/>
Unpublished	<input type="checkbox"/>
For Information	
By	
For	
For	
For	
Dist	

A-1

93-00489



15098

93 1 07 027

This Local Officials Guide was prepared by the National League of Cities with support from the Office of Economic Adjustment, Department of Defense, through the Economic Development Administration, U.S. Department of Commerce. The content reflects the views of the National League of Cities and does not necessarily reflect the views of the Office of Economic Adjustment nor the Economic Development Administration.

Copyright © 1992 by the

National League of Cities
Washington, D.C. 20004

ISBN 0-933729-82-0

Dear Local Official:

Defense cutbacks are real.

The Cold War is over and the military is reducing its purchases of goods and services, from boots and C-rations to the termination of entire weapons systems. Military installations are closing. The Defense workforce, both civilian and military, is shrinking. *Is your community prepared for these dramatic changes?*

The defense industry has become a vital element in the economic growth and stability of this nation's cities and towns. The vast network of defense prime and subcontractors created during the peak in defense spending ensures that virtually every community will be affected by these cutbacks.

Do you know how your community, its industries, and workforce will be affected?

While the magnitude of the cuts seems dramatic at the national level, the ultimate impact will be "felt" at the local level. This is where the defense firms are located, where the employees who are employed by these firms live, and where, collectively, they represent the economic foundation of cities and towns.

In the case of economic adjustment, the best defense is a good offense. Studies of effective economic transition have shown that the earlier a community is organized, the smoother the transition. For those communities which want to be **pro-active** rather than defensive, there are real opportunities. This guidebook presents those options for helping an entire community adjust.

Recognizing that reductions in defense spending will have a significant impact on local economies, the National League of Cities (NLC), with the assistance of the Office of Economic Adjustment of the Department of Defense, undertook a project to help local elected officials understand and plan for these changes. "Communities in Transition: Strategic Responses to Military Budget Reductions" was a 15-month project that included:

- four, interactive seminars on Defense Cutbacks and their meaning for communities. The seminars were attended by over 200 local elected and appointed officials. These seminars, and the participants, helped frame the complex issues presented in this guidebook and offered a tremendous amount of information and expertise on defense economic adjustment, which is reflected here;
 - a clearinghouse on economic adjustment and diversification issues and strategies which is based in NLC's Center for Education and Information Resources; and
 - this guidebook for local elected officials.
-

The National League of Cities has produced this Local Officials Guide to Defense Economic Adjustment to help local elected and appointed officials prepare for, and to respond to, the local impact of reductions in the nation's military budget. The guidebook defines a specific course of action to be taken by all communities who anticipate, or are experiencing, economic transition as a result of reductions in defense spending — or as a result of any other factor.

Local leadership is a critical factor for successful economic adjustment. Local elected leaders must raise the consciousness of their communities about the need for economic diversification and adjustment before it is upon them. Economic adjustment is a complex, intertwined set of issues affecting the community, its industries and the local labor force. And, the interdependence between defense spending and economic development at the local level is in many cases not well defined nor understood by local officials. All of these sectors — industry, labor, and the community as a whole, must work together to successfully manage economic adjustment to succeed in becoming a healthy, diverse community.

We thank the Office of Economic Adjustment (OEA) of the Department of Defense for its foresight in commissioning this guidebook. While economic adjustment is hardly new, defense economic adjustment is. We salute OEA's recognition of the vital role of local elected officials in this process of retooling local communities and the nation as a whole.

We hope this guidebook helps usher your community into a stable, healthy, and diverse future.

Donald J. Borut
Executive Director
National League of Cities

William E. Davis, III
Director
Center for Education
and Information Resources

ACKNOWLEDGMENTS

The principal author of this publication is Virginia M. Mayer, a senior staff associate of the National League of Cities (NLC) and manager of economic development and technical services for NLC. She has a strong background in, and sincere commitment to, communities in transition. She was the Project Director of NLC's "Communities in Transition" Project, which included designing conferences, developing a clearinghouse, and writing and producing this publication to assist communities affected by reductions in defense spending.

In the conception, development and writing of this publication, the author drew on many individuals for their expertise and assistance.

NLC's leadership offered invaluable support. NLC studied this issue with the assistance of a Task Force on Peace and Economic Conversion appointed by NLC past president Bob Bolen, former mayor of Fort Worth, TX. Members of the Task Force included Joan Baker, former mayor pro-tem, Lubbock, TX; Carol Day, former Councilor, Gorham, ME; Jack Hebner, Councilman, Spokane, WA; and Burton Stallwood, Town Administrator, Lincoln, RI. Each provided critical input throughout the entire project, and in particular with the production of this guidebook.

Bill Davis, director of NLC's Center for Education and Information Resources provided oversight and input throughout the production of this guidebook. Frank Shafroth, director of NLC's Center for Policy and Federal Relations, helped transform the idea from a legislative and policy priority to this practical guidebook for local officials.

Erica J. Price, a staff associate with NLC, provided valuable research and creativity for this publication. Keith Cunningham, a staff associate with the Business Executives for National Security, conducted preliminary research and writing. Anne Graves provided valuable technical support. Jeff Fletcher assisted with the publication's final production.

Many colleagues provided valuable input, observations and wisdom on this issue, including: Alan Gregerman, president of VentureWorks, Inc., Silver Spring, MD; Rob Atkinson of the Office of Technology Assessment; Gordon Adams, of the Defense Budget Project; Pete Schmidt, formerly of the Defense Budget Project; Matt Kane of the Northeast-Midwest Institute; Paul Knox of the Commu-

nity Diversification Program of the State of Washington; Frank Blechman of the Conflict Clinic at George Mason University; Sandy Yamane, Doug Peterson, and Kathryn Shane McCarty of the National League of Cities; and Marianne Clark, Eric Dobson and Jay Kayne of the National Governors' Association.

Reviewers of early and final drafts of this publication offered constructive comments and recommendations. They included: Tom Clark, councilmember, Long Beach, CA; Marcia Weaver, councilmember, Jackson, MS; Bob Columbo, Office of Employment and Training, U.S. Department of Labor; Dave Witschi, director of the Title IX Office of the Economic Development Administration, U.S. Department of Commerce; Beth Siegel, Mt. Auburn Associates; Carla Cataldo, Town of Lincoln, RI; Kurt Chilcott, director of economic development, San Diego, CA; Dorothy Daily, project director, St. Louis, MO; Chuck Wolfe, president of ProVision, San Jose, CA; and Pat Svacina, City of Ft. Worth, Fort Worth, TX. David Alexander, St. Louis Economic Council, St. Louis, MO and David Boesch, director of community development, Nashua, NH reviewed and provided valuable comment on the case studies of St. Louis and Nashua respectively.

Darla M. Fera edited the publication, providing both technical expertise as well as creative energy. Cartoons were created and illustrated by Scott Spencer.

This project would not have been possible without the commitment of the Office of Economic Adjustment of the Department of Defense. Paul Dempsey, director, and Patrick J. O'Brien, project director, of the Office of Economic Adjustment provided invaluable advice, support, insight, and commitment to this publication. Their personal commitment to the issue of local economic adjustment is unmatched. And, their strong belief in the role of local elected officials in the defense economic adjustment process is evidenced by the production of this guidebook for local officials.

CONTENTS

Preface	iii
Executive Summary	vii
Introduction	1
 Chapter One: Understanding Defense Spending	
Executive Summary	9
Defense Spending: Implications of the Cutbacks	11
Other Considerations	17
 Chapter Two: Ready, Aim . . . Take Action!	
Defining a Course of Action for Your Community	
Executive Summary	19
Seven Steps to Sustained Success	20
Case Study: St. Louis, Missouri	37
Case Study: Nashua, New Hampshire	43
 Chapter Three: Community Adjustment Strategies	
Healing the Community as a Whole	
Executive Summary	47
Six Steps to Community Recovery	48
Resources for Community Adjustment Strategies	63

**Chapter Four: Industry Adjustment
Tools and Tactics**

Executive Summary65

Understanding Defense Firms66

Assistance Needed.....67

Approaching Defense Firms.....69

Assess Industry’s Needs70

Identify Adjustment Strategies70

Resources for Industry Adjustment.....82

Chapter Five: Worker Adjustment

Executive Summary85

Defense-Related Employment.....86

What’s Worked in Employment Adjustment?87

Local Worker Adjustment Process.....88

Resources for Worker Adjustment100

Appendix A: Surveys.....107

Appendix B: Organizational Resources121

Appendix C: Bibliography157

PREFACE

"The Cold War is finally over, and America must now radically alter the defense spending that has shaped federal budgets for the past four decades. This change won't come quickly or easily."

— U.S. News and World Report
February 10, 1992

The fallout from reductions in defense spending will touch every state and virtually every community in the United States, given the vast network of prime contractors and subcontractors that has developed during decades of federal investment. Closed military bases are the most visible sign of reductions in defense spending. However, the closure of small machine shops, while less visible, will be the more prevalent sign of changed times and, without question, more indicative of the relatively silent, but significant downturn in defense spending.

Local economic conditions and planning will have a significant affect on how defense cuts can be absorbed by local economies. Communities with diversified local economies and effective, ongoing economic development programs that promote job growth will fair the best. Such communities generally survive the dislocation of workers better than other communities whether the dislocation is the result of cuts in defense spending or another factor.

Purpose of the Guidebook

The reductions in defense spending are a direct result of changes in federal policy. More than that, they will represent a significant change in the way of life in hundreds of communities nationwide that are home to defense prime contractors and subcontractors, as well as defense installations. Economic adjustment — the process of responding to and rebounding from the defense reductions — presents both challenges and opportunities for communities and their elected leadership.

Economic adjustment is a complex and difficult undertaking involving employee issues, industry policies and practices, and the overall economic competitiveness of not only a community, but also a region, as economic change does not respect geographic boundaries. It is the interrelationship of these problems and the need to balance all interests at once that makes determining the appropriate strategies so difficult.

Adjustment strategies are not one dimensional; effective local adjustment strategies must include community, industry and employee adjustment programs. Local economic adjustment presents local officials with the opportunity to lead change in their communities; to define a vision for a healthier, more diverse community; to build consensus and coalitions around that vision; and to design a strategic plan and implementation schedule to make that happen.

Local officials should use this *Guidebook* as a roadmap for communities undergoing, or likely to undergo, local economic changes as a result of changes in defense spending or changes in any other significant market forces such as demand, technology or global competition.

The guidebook is designed to:

- raise the consciousness of local officials and others about the significance of changes in the defense budget;
- begin to define the magnitude of the effect of these changes on local economies;
- outline a process and provide tools to help local officials define their community's dependence on defense dollars;
- outline an action-oriented process of local economic adjustment that is founded on developing a diversified local economy and integrates parallel adjustment strategies for the community, industry, and employees; and
- define the local officials' critical role in successful local economic adjustment.

How the Guidebook is Organized

Chapter One examines national defense spending and its impact at the state and local levels.

Chapter Two defines a specific course of action for local economic adjustment, including assessing your defense dependency and the development of a single local recovery organization. The chapter also includes case studies on St. Louis, Missouri and Nashua, New Hampshire.

Chapter Three discusses community adjustment, the “glue” for industry and employee adjustment strategies (discussed in later chapters), including techniques for enhancing your community’s competitive environment and overall business retention and expansion strategies.

Chapter Four discusses industry adjustment strategies for individual defense-related firms.

Chapter Five examines employee adjustment strategies, focusing on job search and retraining initiatives.

Appendix A is a resource section on surveys (including sample surveys) and supplements the discussion in Chapter Two on defining defense dependence.

Appendix B includes comprehensive tables on federal contacts in addition to an extensive compendium of federal, state, regional, and local resources for economic adjustment.

Appendix C is a bibliography.

EXECUTIVE SUMMARY

Defense cutbacks are real.

The defense industry, which has become a vital element of economic growth and stability for this nation's cities and towns, is in a decline. Virtually every community will be affected.

Is your community prepared?

Local governments need to design effective transition strategies for industries and workers in their communities. And for the community as a whole. The earlier a community is organized, the smoother the transition.

National defense spending is in long-term structural decline; reductions will come in the form of reductions in purchases of goods and services, the closure of military installations, as well as the reduction in manpower — both civilian and military. It is necessary to understand the nature of defense spending and its relative impact on your community in order to develop successful economic adjustment and diversification strategies.

While defense economic adjustment may be new, economic adjustment is not. Economic adjustment is not a one-time activity; instead, it is an ongoing process in which all healthy, diverse communities engage. Local elected officials must lead the economic adjustment efforts in their community, including raising the awareness of the community about the need for adjustment and diversification — often a tough job. The creation of a single, effective local recovery organization is the most important step a community can undertake. In addition, it is critical to have a comprehensive understanding of your community's defense dependence — both direct and indirect — in order to determine your community's vulnerability.

In addition to specific companies, industries and workers that must adjust to changes in defense spending, the community as a whole must adjust. This adjustment includes defining a new vision or direction for the community, coordinating and strengthening all existing programs, systems and networks, knowing your competitive advantage, and implementing specific economic revitalization strategies such as business retention and expansion and new business development.

Small firms in particular are likely to be significantly impacted by reductions in defense spending and in many cases should be the focus of local adjustment efforts. Industry assistance often may include market research, marketing assistance, and access to financial resources. Increasingly, information about, and assistance with, technology transfer will be desired by virtually all firms. The only effective industry assistance efforts are those that are based on local industry needs. As in the case of adjustment in general, pro-active industry strategies such as early warning systems will help the community's overall transition.

Defense workers have certain characteristics that need to be recognized in developing effective worker adjustment assistance strategies. Some of these characteristics include: well-paid; highly skilled; higher proportion of managers; a large number of engineers and technical workers; and a significant number of older workers. The two principal categories of worker adjustment programs are training and job search assistance. Worker adjustment efforts will only be effective if linked with industry and community adjustment initiatives and if they access existing federal and state resources.

Many of the processes and strategies outlined for successful economic adjustment and diversification can and should be started now! Communities should err on the side of action. Federal and state resources are available, as listed in Appendix B. However, without a local framework in place, they will do little good. An effective adjustment assistance program is founded on a strong understanding of the local economy and its dependence on defense; a vision or new direction; a well-defined course of action; a system of implementation and evaluation; and most importantly, strong, committed local leadership.

What do you need to know?

- Defense cutbacks are real.
- Defense cutbacks are tough.
- Defense firms often have no market orientation; the skills and wages of defense workers are high in proportion to other workers; the network of subcontractors is vast and difficult to identify and virtually assures that every community will be affected by defense cutbacks; and the control of defense cutbacks rests at the federal level and is most often difficult to predict.

- Economic adjustment is difficult because of the interrelated and complex nature of each of the many issues that constitute economic adjustment.
- It is difficult to convince a community of the need for change outside of an emergency, or sometimes even in the midst of a crisis.
- It is difficult but extremely necessary to attain a good understanding of the impact of reductions in defense spending locally.
- There is a role for everyone in defense economic adjustment.
- Local leadership is key to successful adjustment.

Local Officials Guide to Defense Economic Adjustment

INTRODUCTION

The Secretary of Defense has just announced new cutbacks to meet deficit reduction guidelines set by Congress. Among the items, the Department of Defense will be canceling procurement of the A-21 aircraft, produced by General Airways of Monmouth, California. New orders for green combat fatigue uniforms produced by Field-Wear of Muskrat, Oklahoma also were canceled.

These decisions will impact Burbank, Texas, a community of 150,000 which is home to the General Airways' Windshield Division (employing 14,000) and the site of a factory (employing 1,000) which subcontracts to Field-Wear Military Fatigues and Sportswear. There are at least six other significant employers in Burbank who have received substantial defense contracts as a share of their overall business.

As an elected official in Burbank, how would you respond to this situation? What process would you follow to address the circumstances? Who would be involved? Who would manage the process?

It is clear that events such as the one depicted above have a dramatic effect on local economies. This scenario will become increasingly prevalent over the next decade as defense spending continues a steady and increasingly rapid decline.

While the scenario was fabricated, it is not far from what many communities and their local elected leaders face in the wake of "life after the Cold War."

Local Officials Role

Local officials have a vital role to play in preparing for and responding to major economic changes that affect local communities, such as reductions in defense spending (see box on p. 2). Local leaders need to assume many functions, including:

Economic Strategist: Diagnose the forces that affect the local economy, conceive a vision of what the local economy can and should become, translate that vision into practical actions, monitor those actions to ensure they produce the desired results and modify the strategy as needed.

Local Officials —

Answer the following questions and see how you do:

- 1) What impact will reduced spending levels in the FY 93 Defense Appropriations Bill have on your community?
- 2) How many firms in your community receive defense spending, either directly or indirectly?
- 3) What share of your tax and employment base is tied to defense spending? Is it prime or subcontracts or some other type of spending?
- 4) What is the skill mix and the median wage of the workers in your community? If their jobs were eliminated tomorrow, would they be able to find equivalent jobs (skills and salary) in your community?
- 5) If you were the Mayor of Burbank, Texas, would you know what to expect in terms of direct and indirect affects of these actions? Would your community be ready to respond, both in the short and long-term? What would you do first?

By answering the core questions, you will be better prepared to lead your community into a healthy, diverse and prosperous 20th Century.

Community Leadership: Raise the awareness of the entire community and engage a variety of interests in planning and implementing economic adjustment plans. Build the consensus and support necessary to develop and implement your strategy. The visioning, consensus-building, and negotiating skills of local leaders to build alliances and partnerships will be crucial to getting groups to work together toward common goals.

Representative: Many policies and programs that affect a local community are outside the immediate control of local jurisdictions. It is critical that local officials represent their communities at the regional, state, and federal levels, as well as on the international level.

Manager: Local leaders must manage the overall process of community adjustment, coordinating the interrelated issues of economic recovery including economic development, business, and employment. People and resources must be coordinated. And, it is critical that local leaders clarify purposes, relationships, and all components of the economic adjustment process and plan.

Some specific actions local officials can and should take relative to each of the three principal areas — community, industry, and employee adjustment — are defined below. The actions are explored further in their respective chapters.

Community Adjustment

The most well-defined role of local officials in defense economic adjustment is in community adjustment. Local officials are the keeper of the economic and social good of the entire community and can help ensure that the economic adjustment process works for all. Local officials are called upon to:

- Lead the process of community adjustment. This means making decisions, mobilizing resources, and directing short-term responses and long-term planning.
- Raise the consciousness of the community about defense dependency and the need for economic diversification. Eliminate the element of surprise.
- Speak up about the need for community adjustment — a process to make the entire community healthier and more productive. Successful economic adjustment processes are those that maximize community, industry, and employee adjustment efforts and which affect all aspects of the community.
- Know the community. Help define the community's strengths and weaknesses.
- Work with the community to define an accepted vision for the future of the community, based on the character of the community as well as its competitive strengths and weaknesses. It is always easier to remain the same rather than think about new directions. The local official plays a critical role in helping the community come to terms with the need for this new direction and also in helping to define that vision.
- Create an entrepreneurial environment in the community — from the policies of city hall to new programs to encourage innovation.
- Define a set of ongoing efforts that will result in the creation of new jobs, new companies, and a healthier, more stable community.

Industry Adjustment

Industry adjustment presents a different policy challenge than community or employee adjustment, as industry adjustment is often perceived as the business of industry — not government. There are, however, many supportive steps a local official can take to provide assistance to defense firms, including:

- Understand industry's needs and its mindset. You can't help them if you don't understand them or if they do not want assistance. Is this firm ready or willing to transition to civilian markets? What will it need to do this and how can the local government be of assistance.
- Know your economic development tool kit, particularly any business development tools and resources that may be of assistance. Facilitate access to federal and state resources.
- Provide access to data on current and future trends in defense spending that may be useful to local firms in anticipating changes, especially small firms.
- Educate local firms about opportunities: foreign markets, technology transfer, manufacturing networks, and initiatives to increase competitiveness, to access new markets, and to develop new products.
- Maintain an ongoing dialogue with firms. Keep the lines of communication open at all times. This will help keep you aware of any potential changes or needs relative to the industries in your community.
- Coordinate efforts with all organizations in the community that assist industry, including the Chamber of Commerce, service organizations, and others.

Employment Adjustment

As in the case of community and industry, local officials can and should take steps to minimize the employment disruption that can result from defense spending. In employee adjustment, the local officials role is primarily one of facilitator — of information, resources, and assistance. Some specific things that local officials can do include:

- Lead the process of defining the dislocated and at-risk populations and their needs. The employment survey found in Appendix A is one way to attain that information. It is critical to know and understand the dislocated worker population so effective strategies can be developed.

- Link worker adjustment programs with those of industry and the community and make them demand-based. This should include job search assistance as well as employment and training efforts.
- Know what federal and state resources are available for worker adjustment and help facilitate access to those resources for local industries and workers. (See Appendix B for a comprehensive list of resources.)
- Facilitate dialogue between all concerned interests, including but not limited to the private sector, the labor force, unions, universities and colleges, service organizations, and local government. Help ensure that all are working collaboratively toward a common goal without duplication of effort.
- Appoint members of the local Private Industry Councils (PICs) and choose organizations which will conduct the training locally. See Chapter Five for a description of PICs.

State Role

State governments have and will continue to play a significant role in defense economic adjustment. Many states have undertaken studies of defense dependency, while others are supporting technology transfer and specific industry conversion efforts.

States are a valuable partner to communities facing or planning for defense economic adjustment. The National Governors' Association (NGA), in its recent *Governors' Guide to Economic Conversion*¹ outlined some ways that states can be helpful to defense dependent communities. States can:

- provide policy direction;
- help mobilize local efforts;
- encourage affected communities to work together;
- help develop capacity at the local level; and
- provide technical and financial assistance for local community programs.

In addition, states can help increase awareness about the importance of diversification efforts, can help facilitate regional initiatives and promote regional

cooperation, and provide financial and technical assistance. Appendix B includes a chart of state-by-state economic adjustment and diversification resources.

Common principles of a state level diversification or conversion policy, as outlined by NGA, are similar to those necessary in a local policy. A state policy should:

- be customized to the particular situation in the state;
- be driven by industry;
- target small and medium-sized firms;
- be developed in the context of existing state development policies;
- build on and support local initiatives;
- address the needs of workers, communities, and firms; and
- make use of existing resources.

Specific actions a state may take to provide diversification assistance to communities include:

- conducting pro-active "outreach campaigns" to communities, industries and workers to raise awareness about the issue, better define local and regional needs, and educate all about the types of assistance available;
- serving as a clearinghouse for information on conversion and diversification and the resources available for each;
- providing local governments with information on defense prime and, if available, subcontractors and state-wide defense dependency;
- facilitating community and industry access to necessary federal and state resources and technical assistance; and
- linking communities on a regional basis to address the issues of diversification and adjustment.

Federal Role

The federal government also is an important resource to communities facing defense economic conversion. The FY 1993 Defense Authorization Act provides \$1.6 billion to aid workers, communities and defense firms.²

- The Authorization Act provides \$694 million for Defense Industry and Technology Based Programs — primarily research and development on advanced manufacturing partnerships, manufacturing extension programs, manufacturing engineering education, dual-critical technology partnerships, and others.
- The Office of Economic Adjustment and the Economic Development Administration, principal providers of community adjustment and assistance, receive \$53 million and \$2 million respectively in the Authorization Act.
- Personnel assistance is funded at \$686 million under the Defense Authorization Act. Temporary early retirement represents over a third of this funding (\$254 million), with other funds allocated to “Troops to Teachers” programs (\$65 million), job training and employment services (\$75 million), and other efforts.

In addition to financial resources, the federal government also provides valuable technical assistance and information. For example, the Department of Defense has state-by-state procurement data that can be used to help identify defense dependency. Practical technical assistance and specific expertise relative to defense adjustment is offered by the staff of DoD’s Office of Economic Adjustment. The Economic Development Administration has funded several programs related to technology transfer, revolving loan funds, community development corporations and other economic development tools whose models can be utilized in an economic adjustment program or strategy. The International Trade Administration of the Commerce Department offers valuable assistance in identifying potential export markets for goods and services. And, the Department of Labor maintains descriptions of exemplary local, regional, and state employment and training initiatives.

Planning For and Responding to Changes: Lessons Learned

Information on effective responses to reductions in defense spending is preliminary as there are only a few communities which have yet to deal with the problem. However, there is a wealth of relevant information to be drawn from the experiences of communities that were dependent on the steel and auto industries in the 1980s.

From the experiences of these communities, two working definitions of successful adjustment emerge. Generally speaking, successful economic adjustment occurs in two stages. First, it is defined as stabilizing an uncertain economy undergoing economic diversification. Another measure of success, or the second phase of success, occurs either when the local employment and tax base are returned to the levels at which they were prior to the change in the economy, or when the community feels current levels meet or are sufficient to meet its needs. However, this general definition does not take into account the types of jobs people are employed in, the diversity of the industrial and employment base, or other factors.

A more accurate measure of success is attaining specific goals defined relative to each local strategy employed. This enables you to measure incremental changes and is a better reflection of your progress toward what is a long and ultimately ongoing process — that of economic development.

Lessons of past adjustment strategies indicate that:

- Locally based programs and planning are the most successful. The best way to facilitate economic adjustment at the community level is to take preventive measures — those that prevent economies from becoming dependent on a single industry or market.
- No one strategy will work for everyone. Each adjustment strategy must be designed based on local needs and local resources.
- Economic adjustment programs should be based on a comprehensive economic development program. Community adjustment is largely one of economic development. Those areas best able to handle dislocation are those with sound economic diversification and job growth practices already in place.
- The common denominator and the perhaps most important element of successful economic adjustment processes is effective local leadership.³

ENDNOTES

¹ Governor's Guide to Economic Conversion. National Governors' Association, Center for Policy Research. Washington, D.C. September 1992.

² "FY 1993 Defense Authorization and Appropriation Act: Economic Adjustment Provisions." Defense Budget Project, Washington, D.C. October 21, 1992.

³ "Composite Plant Closure Recovery Approach" by John Lynch. Featured in *Plant Closures and Community Recovery*. Published by the National Council for Urban Economic Development, Washington, D.C. January 1990.

CHAPTER ONE

Understanding Defense Spending

Executive Summary

This chapter is designed to give you a snapshot of defense spending at the federal, state, and local levels. You can't develop effective adjustment strategies unless you understand where and to what extent defense spending affects national as well as regional and local situations.

- The Defense Market is in long-term structural decline.
- Reductions will come in the form of reductions in DoD's demand for goods and services, as well as a reduction in DoD force structure and manpower levels.
- While some states will be particularly hard hit by this decline, it is at the local level where communities will be faced with layoffs and plant and base closings.
- It is necessary to understand the nature of defense spending and its relative impact on your community, region, and state in order to define effective adjustment and diversification strategies.

Recent headlines have proclaimed "The Cold War is Over," announcing the collapse of the Soviet Union, the demise of the Warsaw Pact, and other changes in the world environment. Closer to home, headlines read "10,000 workers laid off at McDonnell Douglas in St. Louis," "Thousands of Aerospace Jobs To Be Lost in Los Angeles," "Thirty-six Bases to Close," and "Groton Braces for Loss of SeaWolf."

Yes, the Cold War is over, and as a result, reductions in defense spending are occurring. Our national economy, but perhaps more importantly, local and state economies should be preparing for "Life after the Cold War." The greatest impact of these changes will be felt at the local level by industries, workers, and the community overall. Given the existing vast network of defense contractors and subcontractors, virtually no community will be left untouched.

Reductions in defense spending, whether as a result of the end of the Cold War, or as a result of tight domestic budgets, is a significant public policy change that, while often difficult to estimate in terms of specific cuts, is occurring. It is important to understand changes in defense programming at the federal level in an effort to better define — and thus be able to prepare for and respond to — their impact at the local level.



Defense Spending: Implications of the Cutbacks

Federal Level

The importance of defense spending to the national economy is diminishing. According to the Defense Budget Project, defense spending as a share of Gross National Product (GNP) reached its peak of 6.5 percent in FY 1986 at the height of the Reagan buildup. Under the Bush Administration's plan, defense spending's share of GNP would fall to 3.6 percent by FY 1997.¹

The fiscal year (FY) 1993 Defense Authorization Act, as signed by the President, provides \$274.3 billion for defense, approximately \$7 billion less than was requested (as adjusted for inflation) and 9 percent below the FY 1992 level as passed by Congress. Active duty personnel will be reduced by 15 percent from FY 1990 levels, a decrease of just over 100,000 personnel for FY 1993.² Most major weapon systems were funded, although some were scaled back and others were funded contingent upon clarifications, modifications, and improvements in programs. For example, the Act requires the Secretary of Defense to conduct a broad review of tactical aircraft modernization plans, including a thorough assessment of proposed acquisition strategies and affordability. These stipulations in the Defense Authorization are as important to identify as are specific reductions in a particular weapon system. The Defense Budget Project is a good resource for additional information on specific defense reductions (see Appendix B for contact).

To better understand the declining defense market and what it means, it is helpful to look at two particular sectors of the market — procurement and employment.

Procurement

Percentage reductions in defense procurement, the budget account that most directly affects defense-related firms and employment, outpaced reductions in the budget overall. This reflects a reduction in Department of Defense's (DoD) demand for goods and services from the private sector. Between FY 1985 and FY 1992, constant defense dollar budget authority for procurement fell by 52 percent, well ahead of the budget's overall decline.³

DoD has announced a new acquisition strategy indicating its intent to cancel or defer most major next generation weapon system programs in order to pursue a technology-based acquisition strategy emphasizing research and development

without guaranteed procurement. This new policy will significantly affect states and localities where major systems such as the B-2 Stealth Bomber and the Seawolf Attack Submarine, among others, are produced.

Employment

DoD civilian employment will fall by approximately 12 percent between FY 1990 and FY 1996, a reduction of approximately 108,173 jobs. By FY 1993, the defense industry share of private sector employment will fall from a Reagan-era peak of 3.6 percent in FY 1986 to 2.6 percent.⁴

In addition to a reduction in civilian employment, it is estimated that U.S.-based military personnel in FY 1996 will be 18 percent less than FY 1990 levels, a reduction of 207,225 people.⁵

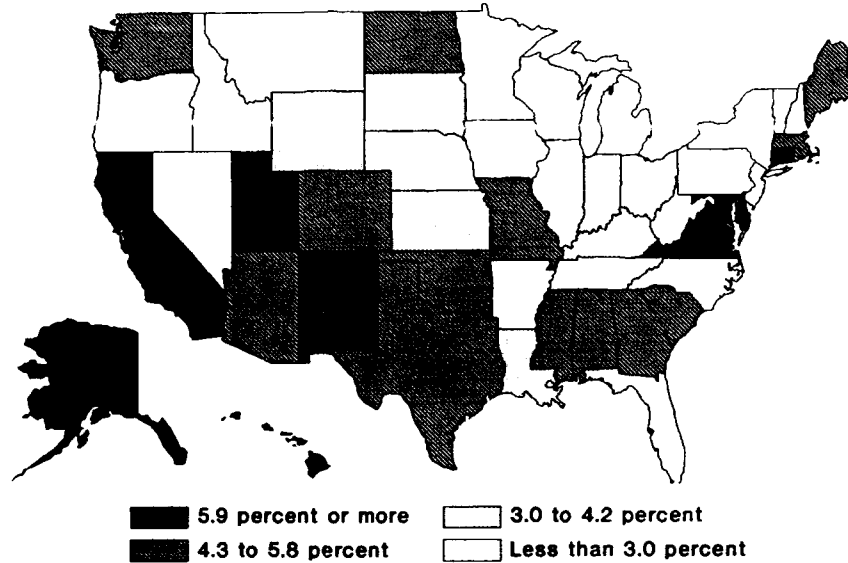
At the macro level, the economic impacts of defense spending reductions are unlikely to have a serious affect on the U.S. economy. The gross national product (GNP) shift is much smaller than the shift experienced in previous builddowns. However, the reductions in defense spending are likely to have a more extensive and severe impact at the local and state levels, where defense dependency is more concentrated and therefore more significant. Figure 1.1 (p. 13) illustrates the percent of state employment in defense in 1991, indicating that 8 states had 5.9 percent or more of their employment tied to defense spending.

As defense activities are concentrated in certain regions, it is states and localities in those regions that will be most heavily affected. The specific impact will depend on the type of defense industry involved, the level of dependency measured in terms of both industry and employment, and the general condition of the local or state economy. The nationwide network of defense contractors and subcontractors virtually assures that every state and countless communities will be affected by reductions in defense spending.

Affect on States

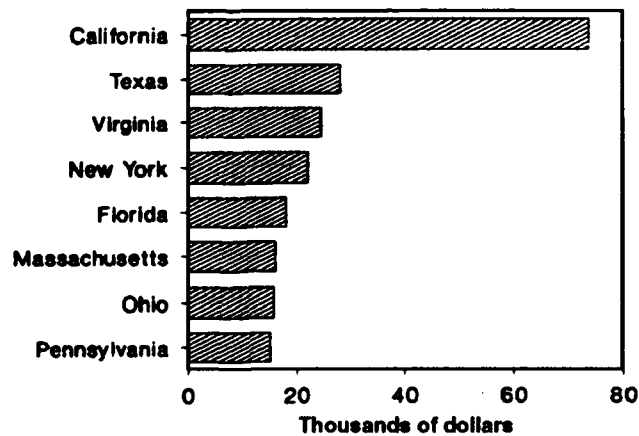
In 1991, over half of all defense spending was in eight states: California, Texas, Virginia, New York, Florida, Massachusetts, Ohio, and Pennsylvania (see Figure 1.2, p. 5). In 1991, defense spending accounted for more than 5.8 percent of total state purchases in 10 states (see Figure 1.3, p. 14), while the national average was 4.1 percent.⁶

Figure 1.1 — Percent of State Employment in Defense, 1991



Source: Department of Defense, *Projected Defense Purchases, Detail by Industry and State, 1991 to 1997* (Washington, DC: November 1991). Department of Defense, Office of the Comptroller, *National Defense Budget Estimate for FY 1992* (Washington, DC: 1991); Department of Defense, Washington Headquarters Services, *Selected Manpower Statistics, FY 1990* (Washington, DC: Department of Defense, 1991); Department of Labor, Bureau of Labor Statistics, *Employment and Earnings, October 1991*. Excerpted from *After the Cold War: Living with Lower Defense Spending*, Congress of the United States, Office of Technology Assessment (Washington, DC: 1992), p. 15.

Figure 1.2 — Eight States Totalling One-Half of U.S. Defense Spending, 1991



Source: Department of Defense, *Projected Defense Purchases Detail by Industry and State, 1991 to 1997* (Washington, DC: November 1991). Excerpted from *After the Cold War: Living with Lower Defense Spending*, Congress of the United States, Office of Technology Assessment (Washington, DC: 1992), p. 14.

Figure 1.3 — Defense Spending as a Percent of State Purchases, 1991

Legend:

- Over 5.8 percent
- 4.2 to 5.7 percent
- 3.1 to 4.1 percent
- Up to 3.0 percent

Source: Department of Defense, *Projected Defense Purchases Detail by State and Industry, 1991 to 1997* (Washington, DC: November 1991). Excerpted from *After the Cold War: Living with Lower Defense Spending*, Congress of the United States, Office of Technology Assessment (Washington, DC: 1992) p. 13.

The National Governors Association offers the following examples:

- 14

Figure 1.4 — Top Ten Defense Dependent States Under Various Criteria: FY 1991

Rank	State	State Share of '91 U.S. Defense Purchases	State	Defense Share Total '91 State Purchases	State	Defense Industry Employment as Share of '91 State Employment
1	CA	18.4%	VA	10.3%	DC	7.1%
2	TX	6.5%	AK	9.2%	CT	6.0%
3	NY	6.0%	HI	7.9%	VA	4.9%
4	VA	5.0%	CT	7.8%	MA	4.8%
5	MA	4.5%	WA	7.6%	CA	4.1%
6	OH	4.3%	CA	7.4%	MD	3.7%
7	PA	4.0%	MD	7.2%	MO	3.4%
8	FL	3.9%	ME	7.0%	WA	3.4%
9	CT	3.2%	MS	7.0%	AZ	3.4%
10	NJ	3.0%	MA	7.0%	AK	3.2%
		=58.8%				

Source: Defense Budget Project, based on DoD and Department of Labor data. Shading indicates the top ten states which together account for over 58% of DoD purchases. *Potential Impact of Defense Spending Reductions on the Defense Industrial Labor Force by State*. March 1992. Defense Budget Project, Washington, DC.

The Office of Technology Assessment cautions that although state averages can be helpful to narrow down dependencies, they can obscure local vulnerabilities. It offers the following example:

Approximately 2.2 percent of the jobs in Maine in 1991 were in the private defense industry, well below the national average of 4.1 percent. However, Maine's largest employer is Bath Iron Works, located in a town with a population of 11,000, employs 11,700 workers and is dependent on the Navy for 85 percent of its contracts.⁷

Local Impacts

Unfortunately, the most important statistic relating to the affect of defense cutbacks to local officials is the most difficult to measure. Local impacts of defense spending are difficult to obtain because of the regional nature of defense contracting, the lack of information on defense subcontractors, and the fact that employment data is collected on a county or metropolitan basis rather than on a city-by-city basis.

Nonetheless, it is imperative to accurately both collect information on local impacts and interpret that data as you design your adjustment strategies. As the above example of Bath, Maine illustrated, state statistics can be misleading in representing local situations.

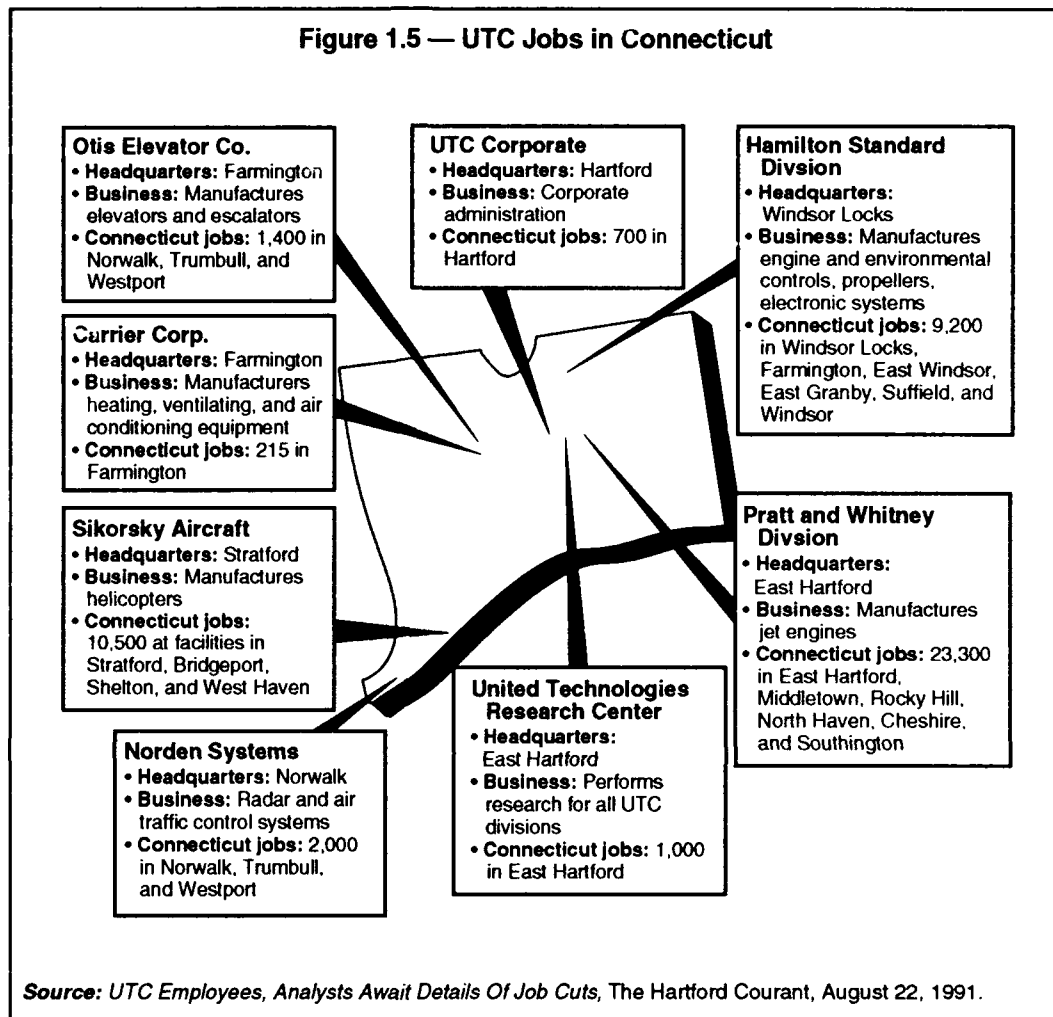
There are numerous ways to measure the impact of defense cutbacks at the local and regional levels. Chapter Two and Appendix A explore some ways to measure the impact of defense cutbacks. The important thing to keep in mind is to use variables that make sense for your planning purposes, which can be easily understood and communicated to your community, which are easily measurable, and which will help you define goals and strategies.

Arthur D. Little assisted Southeastern Connecticut in defining the impact of changes in defense spending on that region. In a presentation to the National League of Cities' seminar on defense cutbacks, Arthur D. Little representatives provided the following example. While the numbers may be difficult to compare to your situation, the example is useful in understanding the various aspects of a local community that are affected. They estimated that:

- real gross product would decline by 3.7 percent;
- direct employment would decline by 14,000 jobs;
- durable goods employment would lose 7,800 jobs;
- retail trade employment would decline by 2,000;
- population would decline by 27,000 (net loss);
- school population would be down 5,400 - 8,100; and
- personal income would drop \$321 million for the region.⁸

United Technologies Corporation cut 6,000 jobs company-wide in 1991, most of them in Connecticut. Figure 1.5 (p. 17) dissects the cutback, helping to illustrate the impact of such a change on communities in Connecticut.

Figure 1.5 — UTC Jobs in Connecticut



Other Considerations

In addition to understanding the statistics related to defense spending, it is also important to understand something about the nature of the issue. Economic adjustment is tough and tends to be a particularly volatile issue. By recognizing this, you can take steps in advance to minimize potential conflict.

Why is defense economic adjustment so difficult to carry out?

- The stakes are high — jobs and income for the community.
- There often appear to be few options.

- The issues run deep. Often a firm has been in the community for years and the workforce represents generations of residents.
- There are many interrelated issues, rather than one clearly defined problem. For example, a contract cancellation affects the particular firm, its subcontractors, the workforce, service businesses in the community, etc.
- As the issues are interrelated, the adjustment process must be interrelated as well.⁹

Community, industry and employee adjustment programs often must run simultaneously, complementing each other while avoiding duplication.

Two techniques have been identified to make these issues easier to confront:

- 1) Have a well-defined process for addressing the issues; and
- 2) Get the community working together.

The next chapter shows you how to design an adjustment action plan based on community-wide collaboration and a well-defined set of goals.

ENDNOTES

- ¹ *Presentation to National League of Cities Defense Cutbacks Seminar — Boston, MA* by Conrad Peter Schmidt of the Defense Budget Project, Washington, D.C. November 1, 1991
- ² *Summary of Final Congressional Action: FY 1993 Defense Budget*, Defense Budget Project, Washington, D.C. November 4, 1992.
- ³ *Presentation to National League of Cities* (see #1 above).
- ⁴ *Ibid.*
- ⁵ *Ibid.*
- ⁶ *After the Cold War: Living with Lower Defense Spending*, Congress of the United States, Office of Technology Assessment, February 1992. Page 13.
- ⁷ *Ibid.* Page 14.
- ⁸ *Southeastern Connecticut Economic Development Strategy* Presented by Pamela W. McNamara, Arthur D. Little, Inc., Cambridge, MA at the National League of Cities Defense Cutbacks Seminar — Boston, MA November 1, 1991.
- ⁹ Summarized from NLC's Communities in Transition Project by Frank Blechman, The Conflict Clinic, George Mason University, Fairfax, Virginia.

CHAPTER TWO

Ready, Aim . . . Take Action!

Defining a Course of Action for Your Community

Executive Summary

This chapter is designed to help you define a specific course of action, prior to or in response to a significant economic change such as a contract cancellation, base closing, or plant closing.

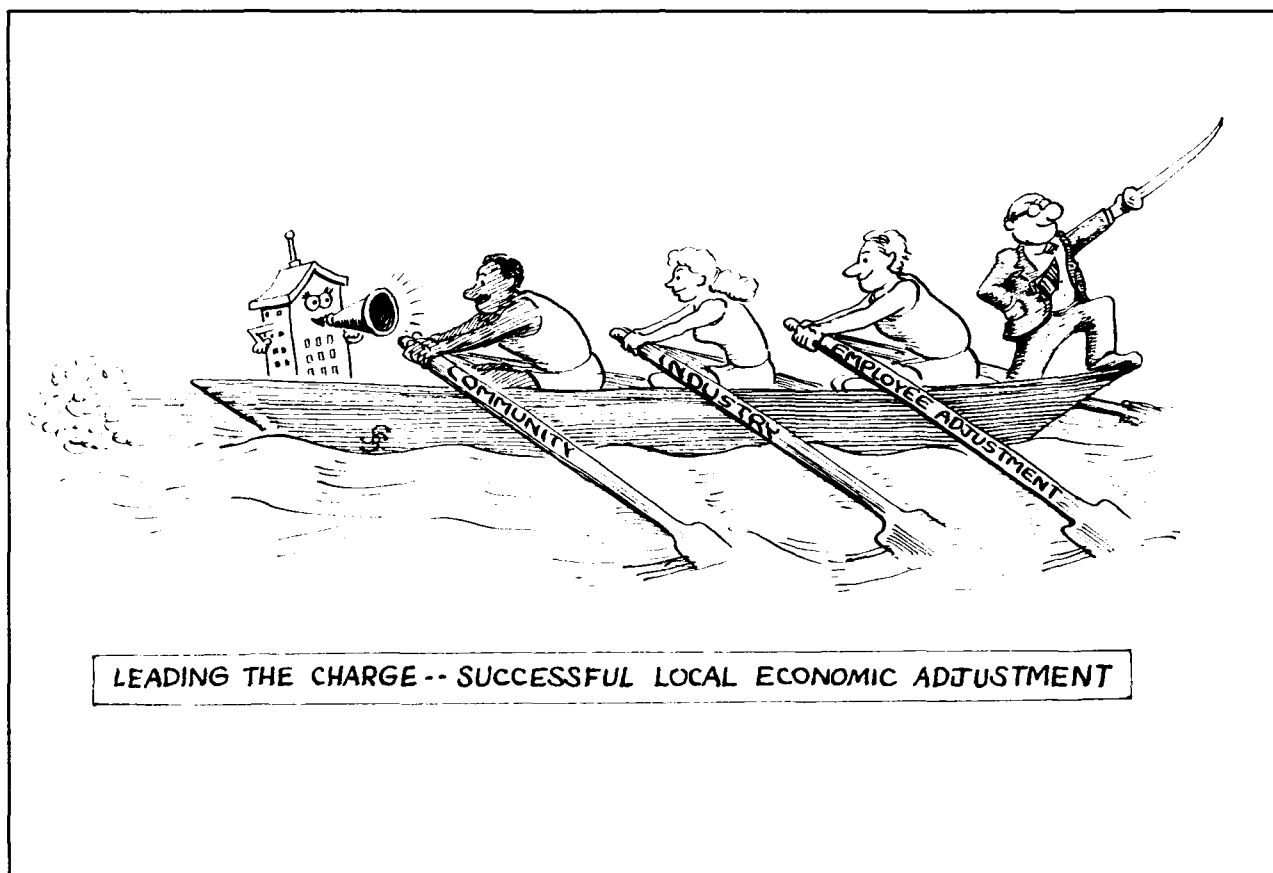
- Economic adjustment is an ongoing process in which all healthy, diverse communities engage.
- Successful local economic adjustment is a comprehensive process, one which delineates specific community, industry and employee adjustment goals and strategies.
- Local elected officials must lead the economic adjustment effort in their community, including raising the awareness of the need for adjustment and diversification.
- Seven steps to sustained success have been defined as a process in which communities must engage and re-engage on a regular basis.
- Creating or designating a single, effective local recovery organization represents the most important step a community can undertake.

Local officials must engage in a process of defining and implementing a course of action for their community. This course of action may involve economic triage strategies if the community has already been affected by reductions in defense spending. And, it will always include economic diversification strategies to broaden and strengthen the local industry, tax and employment base in a community.

Economic adjustment is a process that all communities must go through — those that are healthy as well as those with significant dependencies. The process outlined in this chapter is one that is applicable to any size community at any

stage of adjustment. It is one that can and should be repeated in a community on a regular basis. It discusses the specific goals, strategies and tools that will change depending on the local circumstances.

Successful local economic adjustment is a comprehensive process, led by local officials, which delineates specific community, industry, and employee adjustment strategies which collectively result in the development of a healthy, diversified economy.



Seven Steps to Sustained Success

Step #1: Create an Economic Action Team

The creation of a single, effective local recovery organization represents the most important step a community can undertake. The organization serves as a community focal point for adjustment activity. The actual size and make-up of

the Economic Action Team will vary by community, but some guiding principals follow (see Figure 2.1, below).

The organization should be broad-based, reflecting all major community interests, including such principals as:

- local government (elected and appointed);
- county/regional government (if desired; elected and appointed);
- private industry;
- labor;
- financial institutions;
- chamber of commerce; and
- non-profit organizations.

Others you may want to include are university faculty or representatives, representatives from affected prime contractors and subcontractors, local business leaders, economic development staff, and state representatives.

Figure 2.1 — Economic Action Team	
Leader(s):	
Members:	
Missions:	
Process:	
Duration:	

The Economic Action Team should consist of primary stakeholders in a community — those who because of their power, authority, position, or stature, are critical to the success of the adjustment process (see Figure 2.2, below). Stakeholders are those who:

- have the authority to make a decision;
- are affected or potentially affected by the issue; and
- have the potential or the power to obstruct the process or the outcome.

As this list could be quite substantial, you may wish to list separately primary and secondary stakeholders. Secondary stakeholders will be involved somewhere in the process but may not necessarily be part of the Economic Action Team. The Economic Action Team should be large enough to be truly representative of the community but small enough to enable decisions to be made and action to take place.

Who's in charge? It's not enough to create an economic action team. You must identify who will lead the adjustment effort. In many cases, it is the local elected official who takes charge of the adjustment effort, bringing together

Figure 2.2 — Community Stakeholders	
Primary Stakeholders	Secondary Stakeholders

diverse parties around the complex issue of economic adjustment and diversification. In some cases, the elected official oversees the general process while staff or others conduct the day-to-day implementation of an adjustment plan. Whatever the situation, local leadership must be defined, with the specific roles and responsibilities of this person(s) communicated to all.

The Economic Action Team should have a clearly defined mission and duration of operation, which should be communicated to the entire community. In addition, a process or "gameplan" for successfully completing the stated mission should be outlined and agreed upon by the members of the action team, as well as the community as a whole. The process followed may indeed be the one outlined in the balance of this chapter.

Step #2: Assess Your Local Community

There are two types of assessment that need to be conducted as part of the economic adjustment process:

- A. Definition of Your Community's Defense Dependency
- B. Assessment of Local Readiness and Resources

These assessments will help you determine the current state of your local economy and resource base and are the first steps to be taken by the Economic Action Team.

A. Define Your Community's Defense Dependency

How will defense cuts affect your community? How vulnerable is your community?

In large part, the answers to these questions lie in how defense dependent your community is and how ready your community is for a potential transition to a more civilian-oriented economy.

There are four principal ways through which defense spending can impact your tax base and employment in your community:

Prime Contractors: Companies that sell goods and services directly to the Department of Defense.

Subcontractors: Firms that sell goods and services to defense prime contractors.

Military Bases: Military bases employ both civilian and defense employees who purchase local goods and services.

Indirect Suppliers: Indirect suppliers are firms which support the military industrial complex indirectly or in a secondary manner, such as retail stores, restaurants, dry cleaners and convenience stores.

How can you assess your community's defense dependence?

Before engaging in any type of adjustment process, there is a set of information you need. An assessment of your community's defense dependence, as outlined here, will help you attain some of that information.

First, begin by determining specifically what you want to know (see Figure 2.3, below). Define specific goals or objectives for your assessment. For example, you may know the number of defense prime contractors in your community, but you want to identify the defense subcontractors in your community. Other types of possible objectives or measures of dependency include:

- defining the percent of the local labor force tied to defense spending, either directly or indirectly or both;
- determining the proportion of sales that are defense-related;
- defining your community's dependence on a particular industry, such as aerospace, or a particular weapon system that is slated to be eliminated or is at risk;
- measuring the community's tax and labor force at risk; and
- determining your community's level of dependence compared to state and national averages for percent of employment, tax base, and/or purchases.

Be sure to determine how you will use the data prior to collecting it. You may need only to conduct a thumbnail sketch of dependency instead of conduct-

Figure 2.3 — What Do You Want To Know?

ing a larger scale study. The former is helpful to raise awareness while the latter may be needed to substantiate requests for financial assistance or in the case of a significant level of dependence. And, base the type of assessment you conduct on your budget and timetable as well.

Examine Available Data

There are a significant number of sources of data that exist on defense spending, although actual statistics about local defense dependency are scarce and often need to be developed by the local economic action team. Also, while prime contract data is collected at the federal level, there is no data on subcontracts. This information is critical to an accurate assessment of defense dependency and often must be obtained directly from the prime contractor, if they are willing to provide it.

Identifying sources of data and actually collecting “usable” data — that which meets your stated objectives and geographic definition — is a difficult, but necessary process.

Much of the data is nationally or state-oriented and the lack of subcontractor information makes it difficult to track the vast subcontractor network within a state or a locality.

Some of the information available includes:

Prime Contract Award Data: Available from the Department of Defense every fiscal year. This information is provided free of charge and is broken down geographically by state, county, and location, in addition to monetarily by firm and military branch.

State Statistics and Studies: Some states have completed assessments of their defense dependence, identifying prime and subcontractors within the state and in your region. Very few states have finished complete assessments, but they may have statistics on employment in particular sectors, or other useful information. Or, you may want to request their assistance in conducting a regional or local assessment.

Regional Resources: Regional organizations such as councils of government, county governments or others may have conducted assessments or may be helpful in conducting one.

Other Sources: Local universities and non-profit organizations may be helpful in providing data or in the process of soliciting data.

Example:

The Maryland Department of Economic Development collaborated with the University of Maryland and the Baltimore Center for Public Policy to successfully conduct a survey of defense contractors and subcontractors. The University, which has extensive experience in conducting and analyzing surveys, reviewed the state's survey and also oversaw its mailing on behalf of the state. For information on this survey, contact the Maryland Department of Economic and Employee Development at 410-333-6948.

Collecting Additional Information

It may be necessary to collect additional information or data to accurately measure your community's defense dependence. Methods of collecting information in addition to statistical measures include: surveys, interviews, and focus groups.

Appendix A includes a lengthy discussion of how to conduct surveys of defense contractors and employees. In some cases, you may wish to conduct one-on-one interviews with business owners in your community to determine their attitudes, needs and future plans relative to diversification and/or adjustment. Focus groups can be used to determine attitudes and impressions about specific approaches, practices or even new product lines. They can be useful in taking a more in-depth look at local perceptions about an issue or problem.

What is a "significant" level of dependency?

A "significant" level of dependency depends on individual community circumstances. Some useful indicators or warning signals include comparing your statistical averages for employment and tax base to state and national averages. It is important to examine the types of jobs or industries at risk, as well as the number. For example, the wage rates and skill levels for the defense labor force may be quite high and difficult to maintain if lost.

Example:

The City of St. Louis calculated its dependence on defense spending by examining local employment and wages. In 1989, St. Louis' economic dependence on defense spending was:

Direct employment: 73,500 jobs (6.4% of labor force)
Indirect employment: 85,300 (7.1%)
Total employment: 158,800 (13.5%)
Total St. Louis wages: \$4.4 billion (15.7%)

Figure 2.4 — An Employment Snapshot		
A. Employment in the Community		(List Source)
B. Estimated Jobs • Defense Dependent (Direct) • Defense Dependent (Indirect)		(List Source)
C. Estimated Percent of Defense Jobs at Risk		
D. Estimate Average Level of Income of Jobs at Risk		(List Source)
E. Jobs at Risk Compared to Total Jobs (%)		

A thumbnail sketch such as those provided in Figure 2.4 (above) and Figure 2.5 (p. 28) can be useful and save time and resources in determining a potential level of dependence.

If “E” is greater than 5 percent, this should be of concern. The level of concern will depend on the size of your community, its ability to absorb this job loss, and the types of jobs at risk. Another measure is to compare state and federal averages by pulling line “B” and checking against available data on state and federal dependency levels.

Figure 2.5 — A Tax Base Snapshot		
A. Number of Businesses in Community		(List Source)
B. Number of Defense Dependent Firms		(List Source)
• Prime Contractors		
• Subcontractors		
C. Number of Secondary Firms Tied to Defense Spending		(List Source)
D. Percent of Local Tax Base Tied to Defense Spending		

B. Assess Local Readiness and Resources

If your community was home to Boom Boom Industries which produces a weapon system that was canceled in the latest round of defense budget cuts, would your community be ready to respond? Do you **know** what resources you have available or could tap to alleviate the negative affects of this cancellation? Do you have the service delivery systems in place to assist dislocated workers and their families?

Just as communities that face natural disasters have emergency preparedness plans, virtually every community should have a Local Readiness Plan. No community is immune from contract cutbacks or layoffs — whether they are defense related or not.

Studies on economic adjustment have shown that the quicker the response, the more effective the efforts are for reemployment and business retention. And the most effective plans use existing resources and institutions first.

The readiness plan should identify the service delivery network of providers and define what services would be tapped in the event of a layoff or plant closing, the capacity of these services, and what resources are currently available or could

be tapped if necessary. Typically, a community must call on the expertise and skills of those in social work, employment and training, and finance. Non-profit groups, service organizations, and churches are all part of a community's service delivery network. Figure 2.6 (below) should be accompanied by an actual plan for responding to a layoff or plant closure that defines specific actions and strategies. These strategies and actions can be drawn from subsequent chapters on community, industry and employee adjustment.

Figure 2.6 — Local Readiness Chart				
Services Providers	Types of Services	Capacity	Resources: Now/Future	Source
Regional PIC	Job Training	20 People	\$2 Million	DoL
YWCA	Counseling/ Daycare			
Community College	Resume Workshops; Product Marketing Classes			

Step #3: Raise Awareness and Build Support

One of the most difficult issues faced by local officials is raising the awareness of the community about defense dependency and readiness. Virtually every community **responds** to changes rather than **anticipates** and **plans** for them. Defense spending is a difficult issue to explain from a local perspective. Many people don't believe that defense spending will actually decrease or that it will affect businesses and employment in their community. And, some people don't want to see a change. They would rather fight for another defense contract rather than work toward diversification of products and services.

To build effective community support for your economic adjustment strategies, you will most likely need to launch an awareness campaign in your community about defense dependence. You can use the assessments discussed in Part A of Step Two to illustrate your points. Be sure to focus on raising awareness about your activities rather than scaring residents and business owners.

Here are eight techniques you can use to raise awareness:

- hold a series of roundtable discussions with local businesses;
- hold public meetings on economic adjustment and diversification;
- meet with labor representatives to discuss adjustment issues;
- meet with the press;
- publish the findings of your research;
- invite your congressional member to attend a community meeting and brief you on federal actions;
- host a regional or statewide workshop on adjustment/diversification; and
- meet with the CEOs from defense prime and subcontractors in your community.

Once you have captured the community's attention about the need for adjustment and/or diversification, you have an opportunity to build support for what you want to do about it. Consensus building is key to the success of your economic adjustment process.

However, you can't start to build consensus **after** a plan is developed. You want to build a strong, broad base of support for your effort **before** any real planning takes place.

To foster consensus-building, you will have to determine:

- Who is working with whom and is representation clear?
- Are the issues clear?
- Is there a process for consensus building? Do you know who is setting the ground rules, how decisions will be made?
- How will options be generated and what criteria will be used to judge them?

- How will agreement be reached? Will it be written? Does there need to be public comment on the agreement or does it need to be linked into a formal decision making process such as through the City Council?
- How will the agreement be implemented?

Step #4: Design a Community Action Program

With an organization in place, a strong assessment of local conditions completed, and an educated, broad based core of citizens and businesses providing input, you can begin to define your Community Action Program. Your efforts may be focused on adjustment if your community is experiencing layoffs and/or you may be focusing on diversification of your local economy. Ideally, you will be focusing on both as you move industries and workers toward a more civilian-oriented economic base.

The three steps to designing a Community Action Program are: setting goals; selecting strategies and choosing tools; and defining an implementation plan and schedule.

A. Set Goals

Goals should be defined as a result of the assessment you conducted in Step Two of this chapter. The goals should reflect problems or issues that were raised as a result of the assessment and/or the awareness campaign. Both short-term and long-term goals should be defined. And, all goals should be realistic in terms of time, resources and politics. It is important to have local consensus about the goals identified, as it is out of these goals that the strategies and ultimately the solution for these issues will be formulated.

In some cases, goals may be stated in the form of a specific vision rather than a particular problem. This is often a more positive way of presenting situations. In this case, a public session could be held to define the residents' and business owners' preferred vision of the community relative to adjustment and diversification. The goals then would articulate that vision.

B. Select Strategies/Choose Tools

Once goals have been identified, you can begin to select strategies and choose tools to solve the problem or to help achieve the preferred vision. Chap-

ters Three, Four, and Five examine specific strategies for community, industry and employee adjustment. In most cases, it will be critical to draw on all three. Strategies may range from business retention and expansion to new business development and business diversification.

It will be necessary to identify tools to implement your strategies. For example, your community may define developing entrepreneurial opportunities as a goal. New enterprise development would be the strategy you employ and a set of peer-to-peer support services for marketing, management and finance would be the tool that you employ to implement that strategy and attain your defined goal. Other types of tools include financing, education, training, marketing, support services, business assistance, tax incentives, regulation, and infrastructure.

C. Define Program Implementation

Once the plan has been defined by setting the goals, selecting strategies and choosing tools, an implementation schedule must be developed (see Figure 2.7, below). The implementation of the plan or program should be considered from the

Figure 2.7 — Implementation Schedule				
Strategy	Tool	Who	Resources	Completion Date
Business Retention	Survey	Community College	Chamber	12/15/93

outset to ensure that the program will actually work. Other key elements of program implementation are:

- institution building and building new networks;
- leadership;
- accessing all resources — federal, state, local and private;
- realistic expectations; and
- small but steady successes which breed positive attitudes and bolster community spirit.

Consider developing a Community Adjustment/Diversification Master Chart from existing information. Figure 2.8 (below) is an example. You can use the comprehensive chart to eliminate duplication of efforts as well as to educate the public about your actions.

Figure 2.8 — Your Community Economic Adjustment /Diversification Master Plan			
Actions	Goal/ Objective	Responsible Party(ies)	Timeline/Action Dates
A. Community Adjustment (list strategies) 1. 2. 3.			
B. Industry Adjustment 1. 2. 3.			
C. Employee Adjustment 1. 2. 3.			

Step #5: Act!

Armed with a plan and an implementation schedule, it's time to act. Err on the side of action rather than inaction or reaction. If you have an opportunity to conduct research about local resources and networks, do it now. Don't wait until something happens.

Be sure to publicize your activities, giving credit to those who are responsible for them. Also, keep in mind that many small successful actions are much better than one large failed one. The small actions, while incremental, will help keep momentum going for your efforts and will allow you to make any necessary corrections needed along the way. They also will help you build a strong core nucleus of change in the community.

Step #6: Monitor Success

It is important to evaluate the success of your efforts, both to ensure continued support for them and also to make any corrections necessary to make them more effective or more directly targeted to changing needs. Figure 2.9 (below) will help you keep track of your progress.

Figure 2.9 — Community Action Initiative Evaluation Guide				
Goals	Accomplishments	Resources Used	People Responsible	Necessary Changes Needed

Step #7: Repeat the Process

Repeat this process over again. Go back to Step Two and reassess your local community. Is your economic base more diverse? Is the threat to local employment greater? Have other factors beyond your control and outside your community changed?

The only thing constant in a community is change. This process will help you manage change — in a positive and productive way.

Case Study: St. Louis, Missouri

The St. Louis area has taken an aggressive, regional approach to economic adjustment and diversification in recognition of the area's dependence on defense spending and in response to recent significant job losses. The organizational structure set up by the region, the early recognition of existing and future problems, and the regional nature of the approach have been instrumental in the area's adjustment and diversification efforts to date.

Background

The St. Louis region is home to over 500 defense prime contractors, including McDonnell Douglas Corporation, the nation's largest defense contractor, as well as numerous military installations, such as the Army Aviation System Command, the Army Reserve Personnel Center, the Army Troop Support Command, the Defense Mapping Agency, and Scott Air Force Base. In 1989, prior to defense spending cuts, the St. Louis region directly employed approximately 73,500 people in defense jobs (6.4 percent of the workforce) with an estimated 85,300 additional jobs dependent on the defense industry. Wages paid to employees in these direct and indirect defense positions totaled \$4.4 billion, or 15.7 percent of the region's personal earnings.

The collapse of the Berlin Wall in late 1989 resulted in a group of St. Louis' elected officials and economic development professionals joining together to discuss the region's reliance on the defense industry. The group met with Secretary of Defense Dick Cheney and other officials from the Department of Defense. These initial efforts proved valuable as McDonnell Douglas soon began major layoffs in the St. Louis area. These layoffs ultimately affected over 10,000 individuals from McDonnell Douglas along with thousands more who were employed in supplier firms and other prime defense firms throughout the region. The Department of Defense, through their Office of Economic Adjustment, agreed to assist the St. Louis region with technical expertise and planning funds to identify a long-range diversification strategy.

Creating An Economic Action Team

The **St. Louis County Economic Council** spearheaded the effort to coordinate the ***Economic Adjustment and Diversification Program (EADP)*** developed to address the immediate needs of unemployed defense industry workers and to help the community **proactively** prepare for future cutbacks in the defense industry. The program, headed by Dennis G. Coleman, executive director of the St. Louis County Economic Council, is unique in that it is regional in scope, drawing from the expertise of economic development professionals, business and labor leaders, university faculty and elected government officials from St. Louis County, St. Louis City, surrounding counties in Missouri and Illinois, and both the states of Missouri and Illinois.

Specifically, the Economic Adjustment and Diversification Committee (EADC) consists of the St. Louis County Economic Council, St. Louis Regional Commerce and Growth Association, St. Louis City Development Corporation, St. Charles County Economic Development Council, Franklin County Extension Center, Economic Development Corporation of Jefferson County, City of Fenton, Missouri Division of Employment Security, State of Missouri, Southwest Illinois Leadership Council, Madison County Community Development, St. Clair County Intergovernmental Grants Department, State of Illinois, St. Louis Economic Conversion Project, University of Missouri-Center for Science and Technology, St. Louis County Department of Human Services, St. Louis City/County Worker Re-Entry Program, State of Missouri Division of Job Development and Training, Chrysler Corporation, McDonnell Douglas Company, Development Strategies, Inc., Dulle and Company, Micro Economics Ltd., University of Missouri St. Louis-Public Policy Research Center, University of Missouri St. Louis-College of Arts and Science, and Washington University. All EADC members participate voluntarily, while most of the administrative support is provided by the St. Louis County Economic Council.

Designing A Community Action Initiative

Once the EADC was established, the committee had to determine the strengths and weaknesses of the region. Both the EDA and DoD grants were used for assessment of the local community and development of long-term diversification strategies. Nine research studies were conducted through the DoD and EDA grants. They included:

- Survey of displaced defense workers — this consisted of a telephone survey interviewing 1,198 laid off McDonnell Douglas workers to determine their needs;

- Survey of prime defense contractors in the region — consisting of a mail survey sent to 720 prime defense contractor companies located in the St. Louis area in order to measure the degree of dependence on the defense sector among area firms and determine these firms' interest in a variety of business assistance programs;
- Development of economic and occupational forecasts through annual employment data;
- Study of the regions' international programs and organizations;
- Analysis of other defense-dependent communities, including a research trip to New England;
- Federal, state and local financing programs available to businesses;
- Analysis of regional databases and research into the coordination of this information into a centralized databank; and
- Analysis of the region's ability to plan and forecast economic conditions using macroeconomic modeling techniques.

Through these studies and committee meetings, the EADC has developed a series of goals, strategies and recommendations outlined in a document entitled "The St. Louis Economic Adjustment and Diversification Plan." They consist of:

Community Adjustment

- Continue and Improve the Processes for Monitoring Economic Development Potentials in the St. Louis Area and Strengthen the Linkages Between the Various Research and Information Resources and the Business Community; and
- Implement St. Louis Regional Projects and Programs which Clearly Increase the Capacity of the Region to Attract, Retain, and Create Viable Businesses.

Industry Adjustment

- Capitalize on Global Economic Opportunities by Aggressively Promoting International and Export Opportunities for St. Louis Businesses;
- Improve the Ability of St. Louis Area Businesses to Qualify for and Obtain Financial Support for Promising Economic Ventures;

- Develop and Apply New Forms of Technology in the Creation of Products, the Delivery of Services, and the Management of Organizations; and
- Encourage Entrepreneurship, Small Business Development, and Business Retention Throughout the St. Louis Metropolitan Area.

Employee Adjustment

- Prepare St. Louis Metropolitan Workforce for Productive Employment in Growing Economic Sectors.

Results

In its first year, the EADP achieved a number of goals, including:

- Development of a ten-week Entrepreneurship Training Course using \$123,000 from the Missouri Division of Job Development and Training. Over 350 former McDonnell Douglas employees have taken this course.
- Expansion of the St. Louis Enterprise Center Program through McDonnell Douglas Corporation's donation of a 15,000 square foot office building. This start-up business incubator program is designed to assist and encourage business start-ups. The business incubator facility serves 25 new companies.
- Retraining for former McDonnell Douglas employees was funded, in part, through a supplemental grant of \$3.2 million from the Department of Labor.
- Regular, regional meetings among job training and economic development professionals, business and labor leaders, government officials, citizens, and university faculty.
- A \$100,000 planning grant was received from the Office of Economic Adjustment of the U.S. Department of Defense with \$100,000 of matching funds provided by the local community.
- A \$150,000 planning grant was received from the Economic Development Administration with \$50,000 of matching funds provided by the local community.

Now in its second year, the St. Louis Economic Adjustment and Diversification Committee has begun implementing many of the recommendations set forth in the plan. The Committee is seeking funds from the Economic Develop-

ment Administration (EDA) and the Department of Labor (DOL) to assist with four recommendations which the EADC chose as priorities. These priorities include:

- Development of a World Trade Center to promote exports from St. Louis to other markets throughout the world. According to the EADP survey of defense contractors, 24 percent of the respondents said they wanted to expand into new export markets. While many of St. Louis' largest firms have the resources to explore world markets on their own, it was felt by the committee that Economic Development Officials should provide international support to small and medium-sized businesses which need assistance in exporting.
- Establishment of a Metropolitan Loan Program to provide capital to new or existing metropolitan area small businesses that have been affected by defense cutbacks. In the research conducted of financing programs, many financing alternatives were identified as available to small businesses through the public sector in the bi-state, St. Louis area. Unfortunately, there exist many obstacles in accessing these programs, including restrictive eligibility criteria, high equity injection requirements, lender's aversion to risk, excessive collateral requirements, and lack of funding, to name but a few. The Metropolitan Loan Program would be established as a revolving loan fund to be administered at the county level. The Loan Program will be targeted, initially, for defense firms attempting to retool for diversification.
- Creation of a Bio-Medical/Technology Incubator to assist small businesses and business start-ups in the bio-medical and technology fields. Research indicates that the bio-medical and technology based businesses are a growing industry in St. Louis. With both Washington University Medical Center and St. Louis University Medical Center located in St. Louis, it was felt by the EADC that a specialized, bio-medical/technology incubator would be a catalyst for increased growth in this rapidly expanding field.
- Establishment of a Technology Transfer Program which would work with existing companies in updating their technology and management skills. A key finding of the survey of defense-related firms found that the greatest economic development need was for market research and management assistance. Small and medium-sized firms find it particularly difficult and time consuming to research the area of technology

transfer and thus are more likely to become stagnant and uncompetitive in the marketplace. Managers of small and medium-sized firms who chose not to re-invest in new technologies are placing their companies and their workforce at risk.

Four keys to success of the St. Louis regional effort to diversify the economy were expressed by the St. Louis County Economic Council's David Alexander:

Early Recognition of Problem — This provided the St. Louis region with a head start over other regions in developing strategies to combat impending unemployment.

Foresight of Future Problems — EADC is continuing to develop strategies due to the fact that additional layoffs are foreseen, funding sources are changing, and the economic climate is uncertain.

Utilization of Regional Resources — Since such a large region was effected by the cutbacks, each participant in the region, such as counties, coordinated with each other and formed the EADC to provide strategies for widespread diversification of the regional economy.

Implementation and Follow-Through — In order to positively impact displaced workers and defense companies, an aggressive timetable for program implementation is critical. This requires coordination at the local, state, and federal levels.

As illustrated, the success of St. Louis's diversification relies on coordination, cooperation and foresight with respect to potential problems. By initiating a regional effort to adjust the local economy, St. Louis is well on its way to repairing the damages caused by massive layoffs and launching a new economic outlook for the region.

Contact:

Mr. David Alexander
Director of Marketing
St. Louis County Economic Council
121 South Merrimack, Suite 412
Clayton, MO 63105
(314) 889-7663

Case Study: Nashua, New Hampshire

Recognizing the need for adjustment due to declines in defense spending and other factors, Nashua planned for and is implementing a comprehensive adjustment plan. Through the vision and leadership of the mayor, all sectors of the city, industry, and community are working proactively to maintain the high standard of living the community enjoys.

A strategic plan, entitled *Nashua at the Crossroads: A Strategic Plan for the Future*, was developed by the city with the assistance of Mt. Auburn Associates. The plan focuses on an in-depth assessment of the local environment, short-, medium-, and long-term goals, and the establishment of an ongoing implementation agent — The Center for Economic Development. The results have been striking. Nine months into the implementation phase, all relevant six-month goals have already been met, and many of the second year goals are nearing successful completion.

Background

Nashua, located on the southern-most tip of New Hampshire, bordering Massachusetts, had a 1990 population of 79,662. The region's work force is well balanced between manufacturing (29 percent), sales (20 percent), and services (20 percent). Nashua also enjoys a highly skilled work force with a large concentration of workers employed in high-tech industries.

Until 1989, the Nashua regional economy experienced two decades of uninterrupted growth and strength. Throughout the seventies and the first half of the eighties, the region experienced a period of manufacturing-driven growth. Manufacturing jobs doubled due primarily to a growth in large and small high-tech firms. This growth caused unemployment to shrink while population and per capita income rose.

In 1988, however, defense downsizing, lack of industrial competitiveness, over-development and the regional recession combined to cause an economic contraction in Nashua. For the first time in twenty years, jobs were decreasing and unemployment was increasing.

Taking Charge: Defining a Community Action Strategy

Mayor James Donchess recognized that Nashua may need help adapting to the quickly changing world economy. To counter the regional contraction and return to a stable growth economy, the city worked with the Greater Nashua Chamber of Commerce to develop *Nashua at the Crossroads* — a strategic plan designed to help the city meet its goal of diversifying the economic and employment base in Nashua.

The community developed a three-part adjustment process. The process consisted of assessing the regional economy, developing short- and long-term strategies, and following through with the plan implementation .

The adjustment process began with a thorough assessment of the regional economy's strengths and weaknesses (SWOT). Seven sectors of the economy were studied through surveys, interviews, focus groups, and existing data — economic overview, economic resources, higher education, financial resources, physical infrastructure, real estate, and economic development institutions. For each sector, research was summarized and challenges facing Nashua were identified.

With the issues/problems identified, the city next defined strategies to meet the challenges identified:

1. Establish a regional economic development organization.
2. Promote Nashua's entrepreneurial nature.
3. Conduct targeted business attraction.
4. Strengthen existing employers.
5. Invest in the long-run economic resource base.

Each broad strategy was then broken down into more specific micro-strategies. An implementation plan was developed that prioritized the strategies by identifying six-month and two-year action plans.

Resources

The city of Nashua explored several potential funding sources but decided to fund the project exclusively through the city's budget. The city's development fund contributed \$35,000 for the strategic planning effort. The implementation phase has drawn upon the resources of all sectors of the community. Nashua's businesses and towns are being asked to invest financially as well. An application

has been submitted to the Economic Development Administration to fund Nashua's Revolving Loan Fund for new venture and working capital.

Results

The focus on implementation is paying off as long- and short-term adjustment goals are being met ahead of schedule. The most significant achievement of the project has been the establishment of the Nashua Center for Economic Development (CED). The Center resulted in the achievement of the strategic plan's first goal — to create a regional economic partnership.

David Boesch, the city's Director of Community Development, describes the 100 people in the CED as "a real who's who of Nashua." To achieve its goal of implementing a strategic plan, the CED has been divided into a board of directors and the following six committees: finance; marketing; government liaison; business services; education; and entrepreneurs. The committees work individually to implement the plan's other strategies. A breakdown of the committees and their respective responsibilities for implementing the plan are as follows:

- The **Board of Directors**, composed of the chief executive officers of the region's firms, oversees and steers the six committees.
- The **Finance Committee** is responsible for developing a revolving credit line for new ventures, early stage working capital, and identifying funding opportunities to finance the project.
- The **Marketing Committee** is responsible for advertising the CED to the public and selective promotional activities. It has developed a project logo and will also have a full color brochure developed well ahead of schedule.
- The **Government Liaison** is Nashua's welcome team in their "Nashua — A Good Place to do Business" attraction project. The committee recruits and hosts businesses interested in locating in the region.
- The **Business Services Committee** conducts the CED's day-to-day business retention activities. The Small Business Development Center, a one-stop-shop, and the Professional Assistance Network, a fellowship of successful entrepreneurs, are among this committee's multi-faceted ongoing efforts.

- The **Education Committee** works to improve the match between Nashua's regional school systems and the needs of local companies through the "Nashua Campaign for Quality Education."
- The **Entrepreneurs Committee** works with the other committees to identify and develop new strategies for facilitating new business development and further diversifying the local economy.

The CED's committees are housed jointly in the Greater Nashua Chamber of Commerce's office and share receptionist services, a fax machine, and a copier with the chamber. The CED also houses the University of New Hampshire's Industrial Research Center and NASA's Satellite Outreach Initiative, in order to facilitate the commercialization of university and other federally funded technology.

The process of adjustment has become a permanent part of the Nashua economy. As the implementation phase matures, economic indicators such as unemployment and industrial growth that defined the contraction will also be the test of the project's effectiveness. By evaluating the project's strengths and weaknesses, the CED will be able to continuously improve itself and tailor its services.

Comments

Nashua's success is a result of an adjustment process that focused on implementation and long-term adjustment, and included the foresight, shown by the city, to plan proactively rather than reactively. The careful planning also ensured that the project concentrated on Nashua's strength in highly skilled labor and away from cost cutting incentives.

Contacts:

David S. Boesch
Director
Community Development
Division
City of Nashua
229 Main Street
Nashua, NH 03061-2019
(603) 594-3379

Beth Siegel
Mt. Auburn Associates
408 Highland Ave.
Suite 410
Somerville, MA 02144
(617) 625-7770

CHAPTER THREE

Community Adjustment Strategies

Healing the Community as a Whole

Executive Summary

This chapter examines a process of community adjustment that seeks to minimize the negative affects of reductions in defense spending while maximizing the opportunity for, and attributes associated with, change.

- In addition to specific companies, industries or workers that must adjust to a contract cancellation or other economic change, the community as a whole must adjust.
- Community adjustment is the glue that holds industry and employee adjustment together.
- Community adjustment is often considered an immediate response to a plant closing or contract cancellation, but more importantly is a broader and more long-term process ensuring the economic health of communities.
- Local officials need to lead the process of community adjustment, including helping to define a vision or new direction for their community.
- Effective community adjustment arises from the coordination and full utilization of existing public and private programs, systems and networks.
- There are six steps to economic recovery, beginning with elimination of the element of surprise and including understanding your strengths and weaknesses, knowing your competitive advantage, defining a vision for your community, building and strengthening necessary systems and networks, and implementing economic revitalization strategies.

In addition to a specific company or worker that must adjust as a result of reductions in defense spending, a community as a whole must adjust — and move forward — as well. The community's image or vision for the future may be affected; its service delivery systems and networks will certainly be affected; and, its competitive advantage may very well be impacted. Economic adjustment — as

a process — should focus on the entire range of community needs. The steps outlined in this chapter will help you do this.

Community adjustment is the process of overall community recovery — “treating sick communities and growing healthy ones.” Community adjustment is the foundation or framework on which industry and employee adjustment rests and creates an environment in which these individual efforts can collectively help sustain ongoing economic activity. Community adjustment ties together infrastructure, education, and other overlapping dynamics within a community without which industry and employee adjustment initiatives would fail. It is the glue that keeps the fabric of the community together, through transition periods as well as in good times. Generally associated with non-tangible things such as community spirit and the overall business climate within a community, community adjustment focuses on all of the critical factors comprising a healthy, growing community.

In many cases, community adjustment has been looked upon as an emergency response to a plant closing or a contract cancellation. However, community adjustment is, and should be considered, a broad and long-term process than that. While every community must respond to immediate crises such as a base closing or a defense contractor cutback, these responses can be most effective when done in conjunction with an ongoing economic development process. The best defense against a future plant closing is an ongoing local development program. A strong, diversified local economy built on a combination of small and large firms that employ the local labor force should be the goal of this process.

Six Steps To Community Recovery

There is no one absolutely “right” way to approach economic change or recovery. Each situation and every community is different. One thing is clear. Base closings, plant closing, or contractor cutbacks demand immediate attention. The sooner the transition plan is put into place, the less destructive in both the short- and long-term the closing or cutback will be, and the sooner economic recovery will be evident.

Some principles to apply that can make the recovery process smoother and more effective follow.

Step #1: Eliminate the Element of Surprise

By knowing what is going on in your community, your region, and even at the national level (i.e., changes in the defense budget), you will minimize the chances that a significant event, such as a plant closing, will occur without your knowing it. This involves educating yourself and your community about changes from outside forces that may affect your community and communicating with local businesses about their plans for and potential problems in dealing with these changes.

*Step #2: Conduct a **SWOT** — an Assessment of Local Strengths, Weakness, Opportunities, and Threats*

Just as your community needs a Local Readiness Plan to determine emergency strategies, a SWOT Analysis is needed to determine longer term options and realities. A SWOT analysis is a determination of an area's strengths, weaknesses, opportunities and threats (see Figure 3.1, below). This will help define potential problems to be examined and can be useful in identifying potential areas of business and employment opportunity.

The strengths and weaknesses help you examine and understand what is currently occurring within your community while the opportunities and threats identify factors or influences outside the community that affect the present and future vitality of the city, town or region.

Figure 3.1 — SWOT Analysis	
STRENGTHS	WEAKNESSES
OPPORTUNITIES	THREATS

A more detailed analysis that could be undertaken at this stage would be to develop a community economic profile. The profile should include, at a minimum:

- An overview and description of the general quality of life characteristics of the community (location, schools, etc.) cultural facilities; property tax rates; proximity to larger markets; characteristics and condition of housing stock; and a general characterization of the economic climate.
- Identification of current economic development initiatives which are being undertaken within the community to strengthen the base of local businesses or enhance the economy of the community.
- Preparation of a demographic and socio-economic profile of residents within the community.
- Profile of those unemployed within the community.
- Inventory of all operating businesses within the community, identifying the businesses by Standard Industrial Classification (SIC) number, the services offered by the business, the products they make, the markets served, and land and buildings occupied by the business.
- Inventory of all vacant business space and commercial land within the community.
- A projection of economic needs within the community.
- An inventory and assessment of infrastructure capacity.¹

It may be important to remember that: "The economic profile, by design, should tell the story of today and give a glimpse of tomorrow — as envisioned based on the information we have today."²

Step #3: Know Your Competitive Advantage

It has been said that: "Every community has a distinct economic function."³ It is necessary to determine this niche and build upon it in all of your economic adjustment strategies. You need to know and understand how you are viewed on an economic basis, by business and industry and workers, and relative to other communities. Specifically, it is important to look at what community attributes influence your ability to attract, maintain, and nurture growing businesses. Figure

3.2 (on pp. 51-52) should help determine your community's competitive advantage.

Competitive advantages are not stagnant, but change with time. Given this, local governments should examine their competitive advantages on a regular basis (every 3-5 years) and alter economic revitalization plans accordingly.

Figure 3.2 — Composite Worksheet: Locational Characteristics on Which the Economy is Based

Factor/Component	Locational Strengths		Neutral	Locational Liabilities	
	Major Asset	Limited Asset		Can Be Corrected	Cannot Be Corrected
1. LOCAL LABOR MARKET					
• Composition					
• Cost					
• Reliability					
• Other					
2. ACCESS TO MARKETS					
• Customer					
• Supplier					
• Other					
3. DEVELOPMENT FACILITIES					
• Development Sites					
• Facilities					
• Infrastructure					
• Other					
4. TRANSPORTATION					
• Access to Markets					
• Intercity Transport					
• Local Transportation					
• Other					
5. EDUCATION/TRAINING					
• Colleges/Universities					
• Vocational Training					
• Technical Assistance					
• Other					

Source: *Competitive Advantage: Framing a Strategy to Support High Growth Firms*. Alan S. Gregerman. Published by National Council for Urban Economic Development. Washington, DC. 1984.

Another key point is that economic strategies to attract new businesses, expand existing businesses, and grow new businesses, require different investment strategies. This is important to keep in mind as you are determining your major assets and liabilities. For example, some of the factors taken into consideration relative to business expansion and the creation of new business enterprises are listed below:

**Figure 3.2 (continued) — Composite Worksheet:
Locational Characteristics on Which the Economy is Based**

Factor/Component	Locational Strengths		Neutral	Locational Liabilities	
	Major Asset	Limited Asset		Can Be Corrected	Cannot Be Corrected
6. QUALITY OF LIFE					
• Quality of Environment					
• Cost of Living					
• Other					
7. BUSINESS CLIMATE					
• Public/Private Cooperation					
• Government Response					
• Community Spirit					
• Other					
8. R & D FACILITIES					
• University Facilities					
• Corporate Facilities					
• Government Facilities					
• Other					
9. CAPITAL AVAILABILITY					
• Traditional Private					
• Seed and Venture Capital					
• Public Programs					
• Other					
10. TAXES/REGULATIONS					
• Corporate Taxes					
• Individual Taxes					
• Government Regulations					
• Other					

Action: Business Expansion

Factors considered:

- Business climate.
- Labor force composition, cost, and reliability.
- Development sites.
- Cost and availability of capital.
- Supportive public improvements.
- Education and training opportunities.

Action: New Business Creation

Factors considered:

- Supportive fiscal, regulatory, and political climate.
- Supportive business community, including pool of entrepreneurs.
- Skilled labor force.
- Strong network of technical and professional services.
- Colleges and universities.
- Access to capital: venture capital and commercial banks experienced in lending to non-traditional firms.

It is critical to determine your economy's strengths and weaknesses and structure your economic revitalization strategies accordingly.

Step #4: Define a Vision for The Future

Having conducted an assessment of your immediate strengths and weaknesses as defined in Chapter Two and an examination of locational characteristics as outlined above, your community has a good idea of where it currently stands. But do you know where your community wants to go? It is difficult to lead change in a community if there is no determination of the desired outcome or preferred vision for the community in the future.

“A community vision defines a community’s collective aspirations, its values and its dreams. It defines a mutual destination and serves as a mental image of the community’s desirable and possible future.”⁴

A community vision can help energize and inspire a community, particularly in the face of economic distress. The process of community visioning can help build consensus for your revitalization strategies. Some basic principles are defined below⁵:

- Every effort should be made to define a comprehensive process to define a vision, including meetings and possibly surveys and other research techniques.
- The process should involve everyone who will be affected by the community’s future — i.e., the entire community.
- A vision is not a plan; instead, it is a step to get the community where it wants to go. It is a specific statement about where the community wants to go and it should be part of a plan that helps the community reach that goal.
- The community’s vision must be defined by the community and not by an outsider. It is critical that the vision articulate the “values, priorities, preferences and dreams” of the community.
- Once defined, the community vision should be shared widely. A vision statement is often used as the first step in defining an action strategy to reach the preferred vision for the community.

Step #5: Build Necessary Linkages, Networks, and Systems

A community’s resource base may be vast, but it is not unlimited and it will only be effective and efficient if all public and private sector resources are linked by a community or regional network or system which is designed to meet immediate needs as well as longer-term goals and objectives. Furthermore, economic adjustment is a complicated mix of strategies and issues that overlap. A coordinated plan and system for implementing that plan is necessary. The time to establish these systems and networks is before they are needed.

In Chapter Two, the Local Readiness Chart helped to define local service providers, types of services, capacity and resources. Take that chart and cross-

check for lines of communication, lines of authority, and duplication of efforts. Is there a way to better coordinate service providers or to expand program capacity by linking efforts?

Take a look at existing programs and services. Many of them can be used to respond to cutbacks in defense spending, but may need to be adjusted and/or strengthened in some way to do so. Examine each and every program and service and determine 1) how it could be used to respond to reductions in defense spending; and 2) how the program, service or service provider/organization could be strengthened.

It may be necessary to establish new organizations or entities to respond to local needs. A unified committee representing labor, industry and government that is designed to meet a specific problem or address a specific task may be needed. Or, a new financial intermediary such as a bank community development corporation or a revolving loan fund may be needed to address small business lending concerns. It is important to develop new institutions as they are needed, but the emphasis should be on using existing organizations and programs, strengthening existing networks, and adapting both programs and networks to deal with the challenges associated with defense adjustment and diversification.

Step #6: Implement Economic Revitalization Strategies

Economic revitalization is the process a community undertakes to ensure the long-term health and stability of its business and employment base and can be maintained over time. The key components of economic revitalization are:

- Create an entrepreneurial environment;
- Implementing business retention and expansion programs;
- Targeted business attraction; and
- Enhancing the community's core competencies.

Creating An Entrepreneurial Environment

Communities which create an economic environment that encourages, promotes, and sustains entrepreneurs are more likely to succeed. "Successful entrepreneurial development requires building relationships, developing new talents, creating spirit, providing information, removing barriers, and inspiring

people to take initiative,"⁶ notes Alan S. Gregerman, president, VentureWorks. VentureWorks has identified six basic strategies that can lead to the creation of an entrepreneurial environment.⁷ Creating an entrepreneurial environment is an implementation process that flows from the assessments undertaken as discussed in Chapter Two and Appendix A. Figure 3.3 (see below) can help you gauge your community's entrepreneurial environment.

Figure 3.3 — Assessing Your Community's Entrepreneurial Environment				
Element/Component	Strengths		Limitations	
	Major	Minor	Minor	Major
1. LEADERSHIP				
• Inspiring Vision of the Future				
• Broad Local Support				
• Longer-Term Perspective				
• Culture of Cooperation				
• Bias Toward Action				
• Cheerleading from the Start				
2. TALENT				
• Pool of Successful Entrepreneurs				
• Skilled Work Force				
• Strong Network of Professionals				
• Appropriate Technical Expertise				
3. OPPORTUNITIES				
• Entrepreneurial Education				
• Marketplace Information				
• Resource Base Information				
• Partners				
• Development Facilities				
4. INNOVATION				
• Corporations				
• Colleges and Universities				
• Public Nonprofit Institutions				
5. CAPITAL				
• Seed and Equity Capital				
• Affordable Debt Financing				
6. SPIRIT				
• Civic Pride and Image				
• Quality of Life				
• Supportive and Involved Media				
Source: Gregerman, Alan S. "Rekindling the Future," <i>Commentary</i> . National Council for Urban Economic Development. Washington, DC, Winter 1991.				

1. Provide leadership. There are several ways you can lead your community to an entrepreneurial environment.

- **Develop a vision of your economy:** That vision should include a renewed commitment to your community's entrepreneurs.
- **Build consensus:** Show the public and private sectors the value of a strong entrepreneurial environment. Encourage their support for the movement.
- **Promote long-term goals:** Emphasize that an environmental change is a gradual process. By encouraging people to focus on long-range economic stability rather than quick fixes, you can give local entrepreneurs the time and patience needed for success.
- **Work collaboratively:** All sectors of the community must work together to build the resources necessary for entrepreneurial success. This type of cooperation starts with your leadership.
- **Encourage action:** Do not force new business leaders to wait for the wheels of bureaucracy. Do what you can to move them through the system and into business. An efficient government will be an incentive for other potential entrepreneurs.
- **Recognize success:** As a leader you can continually help the process by publicly recognizing new businesses and commending their successes.

2. Tap into your entrepreneurial talent. Locate your community's successful entrepreneurs and target future ones. Encourage mentor programs, where your community's experienced entrepreneurs can provide leadership and inspiration for those of the future.

3. Educate potential entrepreneurs. Often people do not recognize the opportunities and resources that are available. First, identify your community's market opportunities. Then explore the federal, state, and local resources available to help new businesses seize these opportunities.

4. Promote innovation. To be successful, new businesses need a competitive advantage. Sometimes hard work is not enough. Your community may have resources that can help. Forge partnerships with local universities, medical centers, and government research and development centers. They may be willing to provide a proving ground for local innovation and experimentation.

You can also promote innovation through local technology fairs and manufacturing networks. Technology fairs promote new businesses by bringing local

inventors together with investors, established companies, small business experts, and the public to test the marketability and feasibility of their new product idea. Technology fairs also offer entrepreneurs a chance to network with other entrepreneurs and to participate in workshops conducted by successful businesses and local experts.

5. Organize financial resources. Entrepreneurs often will use their own resources to get started, but these may not be sufficient. Identifying appropriate funding sources and showing entrepreneurs or “would be” entrepreneurs how to become involved on their own terms will help address capital problems for local innovators. Consider the following approaches:

- Local lending institutions can be encouraged to reinvest locally through compliance with the Community Reinvestment Act.
- Venture capital networks can organize local investors and match them with local investment opportunities. These investors may be successful local entrepreneurs with an interest in promoting other entrepreneurs.
- Other financing options exist both at the state and federal level for qualified applicants and may be able to bring outside seed capital into your city.

6. Build community spirit. Civic pride and self esteem are important ingredients in creating an entrepreneurial environment. If people like their city and believe good things will happen in the future, they are more likely to stay and build a business. This type of attitude can spread as outside investors are drawn in by the community’s confidence and optimism.

Civic pride is difficult to build and will not happen overnight. Local infrastructure is a good place to start. Strong educational and cultural centers offer a major source of community pride. Downtown revitalization projects can also increase optimism and enthusiasm about a community’s future.

Once the seed of optimism is planted, encourage it by focusing on local success stories. A good relationship with local news and broadcasting sources will help facilitate a positive spin on local events.

An entrepreneurial, environmental movement is a type of community marketing plan. Instead of marketing itself to the outside world, the community focuses its energies inward by promoting its opportunities, successes, and assets to its own citizens — a decidedly easier task than business attraction.

7. Develop small business support networks. As the fastest growing sector of the American economy, small business plays a critical role in local economies by stimulating innovation, generating jobs, and enhancing the tax base. Small business is a powerful economic development tool. The firms most significantly affected by defense downsizing, and those that will be least visible, will be small businesses like machine shops and other manufacturing and trade businesses. In addition, many small firms will be peripherally affected by the loss of revenue — by the city and the residents — in the community.

It is important to establish a small business support network as part of your community adjustment strategy — a network of public and private sector players with programs designed to meet the special needs of your community's small businesses. To initiate this network, it is important to:

- define the specific needs of the small business community;
- conduct outreach to the small business community;
- develop a small business plan to meet the needs of the small business community — including capital, management, and marketing; and
- access federal, state, and regional resources for capital and technical assistance.

Not all small business support comes in the form of grants and loans. There are several non-financial ways to support small business, including:

- **Improving Planning and Policy Making** — undertake economic research and analysis, target selected types of small business, certain geographic areas.
- **Improve Organization and Management of Small Business Programs** — link federal and state programs with local efforts; link existing local programs; develop networks with local financial institutions, universities and others.
- **Improve Access to Affordable Capital** — establish bank consortia and loan pooling; target community reinvestment resources from local banks to small business.
- **Improve Public Markets** — Initiate buy-local campaigns, provide assistance to businesses on city procurement processes

- **Improve Human Capital** — Develop relevant links with job banks and job training programs for the small business community; fully utilize federal and state resources for job training.
- **Improve Availability of Land/Sites** — provide incubator space, establish small business parks, and develop a data base on all available sites.
- **Improve Business Assistance** — create a management assistance center for small businesses, using retired business executives and loaned university faculty and students; provide training for entrepreneurs; underwrite or at minimum coordinate management services for small businesses.
- **Improve Regulatory Climate** — reduce paperwork, expedite processing and consider developing a one-stop permitting center.

Small Business Incubators: Incubators can be an important component of a small business support network (see Figure 3.4, below). Incubators can:

- Lower the barriers for new business start ups;
- Create an environment that maximizes a new business' chances for long-term success;
- Promote local entrepreneurs; and

Figure 3.4 — Types of Small Business Incubators

There are five types of incubators:

Publicly owned incubators — City develops and operates the incubator utilizing excess public land.

Private incubator — Often operated by a local university to capitalize ongoing research.

Serviced incubator — Support staff and equipment, and the subsequent costs of both, are shared by all businesses located in the incubator space.

Bare wall incubator — The provision of inexpensive office space consisting of bare walls to get new businesses off the ground.

Wall-less incubator — Allows the business to choose its own permanent space with the idea that the firm will stay there for a longer period of time and avoid relocation which is often required with other types of incubator space.

- Increase and retain the local employment base.

Incubators must be well planned. Some of the issues that should be considered and agreed upon in the lease include: rent/increases, parking, utilities, tenant services, phone requirements, alterations to premises, insurance, relocation, common areas, default, and duration.

Implementing Business Retention And Expansion

Business retention and expansion strategies are designed to help maintain a community's most valuable economic asset, its existing industries. It is particularly critical to design and implement a business retention and expansion program in a community that is undergoing economic transition. Companies that are not directly affected by a contract cancellation may be affected as well as those directly impacted. And, it may be even more difficult to determine any potential changes or problems occurring with those firms.

Existing firms, including those that may be downsizing, provide the community's current employment and offer the most promise for new jobs. Retention and expansion strategies for indirectly affected industries, such as service-oriented businesses, will be particularly important in communities where defense downsizing is occurring. The ripple affect from the loss of one major contract or business can be felt throughout the community by everything from grocery stores and restaurants to retail stores and professional businesses.

You may want to consider making your community appealing to both local businesses and ones considering relocation into your community. This can be considered "passive business attraction." By showing your interest in helping local businesses, you attract other businesses.

To help local businesses while attracting others, it may be useful to determine what factors are important to all businesses. The attributes businesses demand in an "ideal" city are⁸ (in descending order of importance):

- 1) A flexible, high-quality work force.
- 2) Proximity to markets.
- 3) A strong local pro-business attitude.
- 4) A good public education system.
- 5) Convenient air service to key cities.

- 6) Costs — housing, labor, facilities, and taxes.
- 7) An efficient highway system.
- 8) “Quality of life” intangibles (i.e., environment, cultural events, law enforcement, etc.).

Retention and expansion strategies build on the city’s known economic strengths and aim to minimize its weaknesses. Developing better management techniques, broadening existing markets, tapping into new markets, enlarging facilities and moving to new physical plants in the same community are all key potential business retention and expansion strategies.

Targeted Business Attraction

After a significant contract loss or plant closing, not every community is left with an economic or employment base sufficient to support the needs of the community. In this case, targeted business attraction strategies will be needed to complement ongoing business retention and expansion and new business development.

A community should look hard at its assets and match them with the locational factors discussed earlier in this chapter. A systematic approach based on the community’s strengths and the needs of particular firms should be used. Be sure to market via your real strengths and not your city’s purse strings. Studies have shown that financial incentives frequently do not attract firms that will remain in your community. Instead, they will continue to look for areas where the cost of doing business is cheapest. Make sure there is a real match between organizations and others — and target resources to them.

Enhancing the Community’s Core Competencies

Exploit the core competencies of **your** community. There are many sources of innovation in a community, places where people are working on ideas and/or technologies that have market potential. Local officials should identify these sources of innovation — business incubators, universities, private firms, service organizations, and others — and target resources to them.

Is there a common thread running between the types of innovations or technologies being developed? Is there a concentration of a particular kind of small manufacturer or a group of high-tech firms in the community? Exploit the common interests of these firms by devoting concentrated resources to them with the goal of developing a core set of industries that can be effectively marketed.

Resources for Community Adjustment Strategies

Federal

The **Economic Development Administration (EDA)** office in the U.S. Department of Commerce supports projects designed to alleviate conditions of substantial and persistent unemployment and underemployment in economically distressed areas and to address economic dislocations resulting from sudden major job losses.

The **EDA** was also appropriated money in the 1991 Defense Authorization to support communities suffering from defense downsizing.

The **Office of Economic Adjustment (OEA)** in the Department of Defense assists communities adjusting to changes in defense spending. The program provides resources for communities to:

- help themselves through appropriate local and intergovernmental organizations which plan, coordinate, and implement adjustment strategies;
- tailor assistance to local needs and capabilities;
- join available federal, state, and local government resources with those of the private sector to achieve adjustment goals;
- replace lost jobs through new economic development activities;
- convert surplus base facilities to civilian job-producing uses like airports, schools, and industries;
- facilitate diversification of Defense contractor businesses into new markets and/or products; and
- place and retrain affected workers.

State

State economic development agencies commonly participate in local community adjustment projects. Examples of assistance include: feasibility studies, financing, and implementation of programs and strategies such as those found in Appendix B.

Local

Every public and private organization that provides some type of assistance to industry, workers or the community as a whole can and should be considered a local resource for community adjustment. This resource base in many case can be further expanded to include regional organizations and programs as well.

Local **chambers of commerce** can effectively mobilize the resources of the local business sector. Your local business organizations can communicate to local businesses information regarding programs, services, or a small business incubator. In many communities, business associations participate in the formation and management of local economic development agencies.

Many areas have **regional economic development agencies** that manage the region's business retention, expansion, and attraction efforts. If such an agency exists in your area, it may provide services that would be valuable to your community's adjustment efforts.

Communities that have local colleges or universities can work with those institutions to form a small business incubator that promotes technology transfer and collaboration between the school and local business.

ENDNOTES

- 1 "Retooling Your Local Economy." A coursebook written by Hyett Palma, Inc., Washington, D.C. Presented at an NLC Training Program of the same name on September 14, 1992, Charlotte, North Carolina.
- 2 *Ibid.* Page 15.
- 3 "Rekindling the Future." *Commentary*. National Council for Urban Economic Development. Washington, D.C. Winter 1991.
- 4 Hyett Palma (see #1). Page 17.
- 5 *Ibid.*
- 6 "Creating an entrepreneurial local economy" by Alan S. Gregerman, President, VentureWorks, Inc. Silver Spring, MD. Published in *Michigan Municipal Review*. January/February 1992.
- 7 *Ibid.*
- 8 "The Best Cities for Business," by John Huey. *Fortune Magazine*. November 4, 1991.

CHAPTER FOUR

Industry Adjustment Tools and Tactics

Executive Summary

In working with individual firms, there are some key things to keep in mind. This chapter examines those issues and identifies some specific tools and tactics that can be used by local governments to assist firms in their communities.

- An industry adjustment program should focus on the needs of industries directly affected by reductions in defense spending, as well as those indirectly affected by changes in demand for goods and services.
- Small firms are likely to be significantly impacted by reductions in defense spending and in many cases should be the focus of assistance efforts by local governments.
- Market research, marketing strategies and techniques, technology transfer information and assistance, and access to financial assistance are three of the most likely types of assistance needed by industry.
- Local government can play a variety of roles relative to industry adjustment, including educator about options, organizer of resources, facilitator of diverse interests, and as a resource providing technical and financial assistance.
- Industry adjustment strategies should be based on local needs. Strategies may include early warning systems, export assistance, one-stop-shops, infrastructure assistance, technology transfer, and manufacturing networks. New product development, new market development and new business development are additional industry adjustment strategies.

Business responses to changes in markets, changes in technology, changes in consumer demand, or, in this case, reductions in defense spending, are often perceived by business and the public to be the responsibility of the businesses themselves. For example, as in any competitive environment, the strategic business plans of firms are considered proprietary and linked to their competitive

edge and, in many cases, their stock prices. However, the prosperity of these firms is also in turn linked to the economic viability of the local workforce and the community at large. And, there are things that local governments can do to ease the transition of defense dependent firms into commercial markets and to enhance the competitive edge of these local firms.

The previous chapter discussed ways to create a healthy business environment as part of a community's adjustment strategy. This chapter examines how local governments can assist defense dependent firms. It identifies strategies for individual firms that are either directly or indirectly dependent on defense spending, i.e., both prime contractors and subcontractors. The level of a firm's dependency on a sole source such as defense, as discussed in Chapter 2, will give you an indication of the level of urgency or demand for strategies discussed in this chapter. However, the strategies presented are appropriate for developing strong, viable, and diversified companies able to weather any significant changes in the marketplace.

Understanding Defense Firms

There are certain characteristic of defense-related firms that make it difficult for these firms to transition to civilian markets and to which local officials should be sensitized prior to designing adjustment programs.

There is a significant difference in corporate practice and culture between defense and civilian firms. Large defense contractors that make major weapon systems or subsystems are geared toward low-volume production of highly specialized, expensive equipment.¹ Unlike non-defense firms, these firms focus on technical design and performance rather than cost and broad-based marketability. Competitive pricing, marketing, and distribution practices are relatively unknown to many defense firms, making the timely production and promotion of products a key obstacle for defense firms desiring to compete commercially. It is difficult for these firms to respond to market changes and market opportunities.

Small Businesses

It has been estimated that one-third of the total purchases made by the Department of Defense from private firms come from small businesses.² For

many small firms the decision to diversify has already been made, with many seeking commercial ventures to stay alive. The fluctuation in recent years of the defense industry has forced many firms already to diversify to some extent, but in most cases, more needs to be done.

Small firms that have successfully transitioned to commercial markets have done so by:

- aggressively identifying new customers;
- improving productivity;
- lowering overall costs;
- ensuring a better trained workforce; and
- improving marketing.³

Access to information and technical assistance on improving manufacturing or production processes, technology transfer, and product development are also key. Placing this information and assistance in one conveniently located place and publicizing its availability will increase its use and thereby its benefit to small business.

Assistance Needed

What types of assistance do defense firms want? Every firm is different. The only way to know what firms in your community want or need is to ask them. This can be done through a survey, a focus group of business executives, or business roundtables held in conjunction with the chamber of commerce and local industry groups. Whatever the method, it is critical to incorporate the special needs of small to medium-sized firms as well as larger industries. Also, *it is important to survey similar segments such as all prime contractors, or all manufacturing industries, or to get a representative cross-section.*

A survey of 152 defense-related firms in the St. Louis metropolitan area⁴ revealed that assistance in the following areas was needed by defense contractors (ranked by order of importance to contractors):

- Market research — U.S. commercial markets
- Marketing strategies and techniques

- Access to financial assistance
- Quality control measures and techniques
- Exports
- Machinery upgrading to meet challenging markets
- Office automation tools and techniques
- Sales forecasting
- Retooling to achieve state-of-the-art capabilities
- Market research — foreign markets
- Capacity expansion
- Retraining employees staying with the firm
- Financial planning
- Out placement of laid-off employees
- Market research — foreign defense opportunities
- Recruiting new or different employees
- Personnel management
- Retraining laid off employees for jobs elsewhere

A series of focus groups with defense industry representatives held across Washington State identified the following business and industry assistance needs⁵:

- Access to low-cost capital and a variety of capital resources that would enable firms to reinvest or retool.
- Technical expertise in marketing, product development, manufacturing capabilities, and assistance with the diversification process.
- Access to successful models for planning and implementing economic diversification.
- Proactive worker training and entrepreneurial programs for dislocated workers.
- Opportunities to share information with other firms to develop and market new products through local business forums.
- Information on new federal priorities that present commercial opportunities for businesses.

Approaching Defense Firms

When approaching businesses about defense economic adjustment/conversion, local officials should do the following:

- Obtain background information on the firm — including the types of products they produce, their markets, and some information on the firm's labor force. If possible, it would be helpful if you knew, or were roughly aware of, the firm's percent of sales that is defense related.
- Understand the company's or the executive's mindset about defense conversion/adjustment. Place the firms in your community in different categories: those that produce defense goods and will continue to do so; those that are looking for help to diversify; and those which have been successful to date in diversifying but may need some specific assistance, such as identifying new markets or retraining workers. Recognize that some firms are successful at defense procurement and will not want to discuss diversification to other markets. Keep the firm's mindset in focus as you engage in discussions with company executives about how you can be of assistance to the firm in its efforts.
- Determine why you are calling on these firms and what you hope to obtain from these meetings. Develop a clearly articulated statement about the purpose of your visit that focuses on opportunity rather than just problems. Some of the things you may want to get out of such a meeting include: information on short- and long-term locational plans of the firm; inform them of available resources, define specific problems the firm may be having; and most importantly, find the firms that may be in transition, so you can affect that transition in a positive manner. Your ultimate purpose is to retain jobs in the community.
- Know what assistance you have available to offer, as well as any regional, state and federal resources.
- Talk to the defense firms and their executives like you would any other firm. They are no different in their desire to talk about their products and the firm in general. Similarly, they will not discuss confidential company plans or procedures.
- Avoid thinking that you have to answer everything in the first meeting. Use the first meeting as an opportunity to initiate dialogue and define

potential problems. Use subsequent meetings to identify solutions, offer information on resources and follow-up — show that you remain interested in their concerns.

- Always follow-up.⁶

Assess Industry's Needs

As each company's degree of vulnerability differs, so do its adjustment problems. Companies in the service industry, limited demographically, will have different needs than manufacturing companies that are limited by their product. The problems of prime contractors and subcontractors will also differ due to their differing degrees of product and market specialization.

Some companies will not need assistance. Even declining markets, such as defense, have growth sectors. Conversely, some declining companies are beyond help. Categorizing firms may help you target the ones you can assist and match adjustment strategies with companies.

Obsolete firms will need different assistance. Not all firms will survive the transition to civilian markets. A firm with no market, obsolete equipment, and uninspired owners and management has little chance of survival. The focus of your efforts should be on minimizing dislocation.

Once you understand the differing needs of local industry, you can develop an adjustment program tailored to these needs.

Identify Adjustment Strategies

There are a number of strategies you can use to educate, assist, and improve local industry. The strategies have different focuses and goals. Figure 4.1 (p. 71) identifies each strategy's goal and what sectors it benefits.

The following sections of this chapter provide descriptions and implementation approaches for these strategies. Implement strategies in your community that will help all firms, strengthen vulnerable industries, and overall meet your community's needs.

Figure 4.1 — Adjustment Goals

Adjustment Strategies	Firms Helped	Identify Problems	Become More Competitive	Access New Markets	Develop New Products
Early Warning	All	X			
Export Assistance	All			X	
One-Stop-Shop	All	X	X		
Infrastructure	All		X		
Tech Transfer	Targeted		X	X	X
Networks	Targeted		X	X	
Develop Products	Targeted			X	X
Develop Markets	Targeted		X		
Capital Formation	All		X	X	X
New Business Creation	Targeted		X	X	

Participate in an Early Warning Network

The Worker Adjustment and Retraining Act of 1988 (see WARN in the resources section of this chapter) requires employers to give a 60-day advanced notice of layoffs. The affect of this notice can be strengthened through a community-based early warning network. Often, legislative loopholes, minor penalties for noncompliance, and insufficient lead time cause WARN to be an ineffective industry retention tool. An early warning network that better involves industry could allow a community to act in a proactive manner to save local industry before it is too late.

Three basic approaches to plant closure “early warning” exist. They include local government visits, worker-based early warning, and regional business organization participation. Conducted individually these approaches experience only limited success, but combined into a three-part network, early warning can be a highly successful and useful industry adjustment tool.

The worker-based aspect of early warning involves designating employees who are trained to observe their plant’s daily operations and complete a checklist

(see Early Warning Checklist) on an annual or semi-annual basis and then return it to the director.

A worker-based early warning system may already exist independently in your area. If so, encourage the organization conducting the system to participate in the three-part network. If there is no system already in place, your leadership could stimulate and foster the development of the work-based aspect.

The local government facet of an early warning system consists of periodic visits to individual businesses and tracking public sources of business data, such as financial statements, for trouble spots. By periodically meeting with local businesses, officials can learn of potential problems and show their commitment to business retention.

Business organization participation entails a prominent organization, working with businesses such as a regional chamber of commerce, watching for instability. Business involvement in the network is essential for industry trust, and many market trends can be effectively spotted by business organizations.

The three groups — workers, local governments, and businesses — would meet periodically to discuss their individual findings. Decisions regarding action on any crisis areas would then be made collaboratively. By initiating the three-part network, many of the potentially damaging misperceptions of early warning are avoided. Early warning, instead, becomes a proactive process working for the good of the community.

The Federation for Industrial Retention and Renewal and the Human Resources Development Institute can be of assistance in setting up early warning systems. See Appendix B for more information on these organizations. For smaller cities, the Midwest Center for Labor Research has a manual that outlines their approach to early warning and presents a checklist of warning indicators.

Example:

The Midwest Center for Labor Research is under contract to the City of Chicago to direct an early warning network in the city. The center works closely with local unions and employees to identify "industry warning signs" from a checklist the center has developed. The center brings potential problems uncovered to the attention of city officials. For more information on the Midwest Center for Labor Research and its work, call 312-278-7676.

Export Assistance

Think globally and act locally! Learning how to compete in the global marketplace no longer gives firms, or communities, a competitive advantage. It's a necessity, particularly for those undergoing economic transition. International markets are real sources of opportunity, but must be pursued carefully and strategically as they draw on limited resources, both time and financial. Small firms in particular will need help in identifying, exploring and developing foreign markets for their current products or potential new ones.

Some actions local officials can take to help local firms take advantage of international markets include, but are not limited to:

1. Know your industries. As a result of your assessment, you learned about the mix of local companies and products.
2. Help identify potential market opportunities for these firms based on new and current products and services. Contact the local district office of the U.S. and Foreign Commercial Service to obtain information about trends in exporting, trade leads and market updates. Share this information with local firms. Over 125,000 firms each year receive one-on-one counseling from the Department of Commerce. See Appendix B for Department of Commerce contacts or call 1-800-USA-TRADE.
3. Identify and coordinate all public and private sector trade-related resources and services. Appendix B includes a state-by-state appendix of state export assistance resources. State governments spent \$92 million on trade development in 1990 according to the National Association of State Development Agencies.

Example:

AgriTechnics International (ATI) in Pullman, Washington is an export assistance company that serves member agricultural tools and technology firms in a four-county region. In an attempt to capitalize on local technology, ATI monitors international data bases and markets too costly for individual firms to monitor. When opportunities are identified, ATI passes the information on to member firms. ATI also provides technical assistance and counselling to firms unfamiliar with export procedures.

ATI is currently funded by state economic development funds and the Pelouze County Economic Development Corporation. In the future, ATI hopes to become self-sufficient through membership fees, private consulting, and independent grants. For more information on AgriTechnics International, call 509-334-3579.

4. Publicize a comprehensive list of resources and assistance to local firms and help coordinate access to them.

5. Sponsor business seminars on trade opportunities and consider initiating a mentoring program for small firms.

Establish a One-Stop Shop

Running a company is a lot of work. Local ordinances and the number of federal and state requirements for operating a business (i.e., environment, insurance, financial disclosure, etc.) have increased. By monitoring these laws, a one-stop shop can provide all relevant information at one location.

A one-stop shop or service helps meet the various needs of small firms while eliminating the "red tape." The service provides one place where small firms can go for information and assistance.

Other issues that may be included in a shop are zoning information and advice, tax information, and referrals for a variety of other private and public resources. One-stop shops increase companies' competitiveness by making government easier to understand.

One-stop shops can be as formal or informal as you like, but there are some aspects included in all effective shops. A shop should be in a convenient, well known location. City hall, the post office, or the police station are often appropriate, central locations. Some innovative cities have located one-stop shops in local malls.

Example:

One-stop shops are particularly popular in Canada. The City of Penticton in British Columbia maintains an extensive business information one-stop shop. It offers information on franchising, export development, joint ventures, licensing agreements, manufacturing in Canada and the United States, financial assistance programs, and starting a business. All information is available for free at one central location.

For more information, contact Penticton's economic development officer in British Columbia, Canada at 1-604-493-3481. For general information on Canadian city projects, contact the Federation of Canadian Municipalities at 24 Clarence Street, Ottawa, Ontario, Canada, K1N 5P3 or phone 613-237-5221.

Outreach will ensure your shop is used. Newspaper articles, letters to firms, and announcements at local business meetings are effective, inexpensive ways to spread information about your new service.

Improve Infrastructure

There are many factors that affect a company's competitiveness. Your community's infrastructure is one of these factors. Public transportation, public education, and road conditions all have an effect on how firms do business.

Assess what needs to be repaired, replaced, or built in your community. By considering industries' needs, you can help them become more competitive.

Example:

In reaction to the need for specialized training, the City of Long Beach, California, with help from the aerospace industry, initiated the "Long Beach Aerospace Technology Magnet Program." The project strengthened the math curriculum in three elementary schools, two middle schools, and one senior high school; purchased 500 Macintosh computers; and constructed modern factory cells in which students actually design and build aerospace structures. For more information, call Dean Gilbert, Lakewood High School at 310-436-9931; ext. 3131.

Promote Technology Transfer

The federal government participates in technology research and development (R&D) in several ways. National Aeronautics and Space Administration (NASA) field centers, Defense Advanced Research Projects Agency (DARPA), and the 700 federal laboratories administered individually through the Departments of Commerce, Energy, and Defense create a complex maze of federally funded research centers.

Even after adjustments for inflation, federal spending on research has increased by more than 60 percent since 1975.

Even as defense spending as a whole is shrinking, the defense R&D budget continues to grow, but attempts to commercialize federal technologies have met with limited success.

Declines in American competitiveness and successes in foreign attempts to transfer government technology to private enterprises have increased efforts to

commercialize government research. As a result, several organizations have emerged that facilitate technology transfer.

Federal Laboratory Consortium (FLC)

The Federal Laboratory Consortium (FLC) for Technology Transfer is a service organization that links individual labs with potential users of government technology. The FLC assesses the needs of potential clients — typically firms, states, and local governments — and refers them to the appropriate federal research center by using the FLC Clearinghouse Locator. To improve its outreach capabilities, the FLC opened six regional offices in 1991. The FLC conducts small business workshops to train people in its use.

National Technology Transfer Center (NTTC)

The newly created National Technology Transfer Center (NTTC) will be the national clearinghouse for technology transfer. The NTTC is creating a computerized database to catalog federally funded research. NTTC's goal is to coordinate other national, regional, and state federal transfer programs and then refer clients to regional offices or directly to laboratories. NTTC will also create a training facility in technology transfer.

Regional Technology Transfer Centers (RTTC)

The Regional Technology Transfer Centers (RTTC) are a group of six organizations that facilitate the commercialization of NASA technologies. RTTC offers information, technology needs assessment, commercialization, small business support, and technology marketing services to potential clients.

These organizations above can effectively help firms interested in modernizing their operations, developing new products and technologies, and overcoming specific problems with technologies, but who lack the capacity to do significant outreach. You can help local firms access federal technologies by referring them to the FLC, NTTC, and RTTC. These organizations can then link businesses

Example:

Pennsylvania leads all other states with nine individual technology transfer and extension projects now underway. These centers provide technology support services for a variety of firms. See Appendix B for a list of the various centers throughout Pennsylvania.

with the appropriate lab for assistance. All of these organizations followup on referrals to ensure that the firm received the desired assistance.

Twenty five states, recognizing the need for state assistance, have set up state or quasi-state agencies to assist in technology transfer and development. Individual companies can apply to these centers for a variety of services ranging from technical advice to financial assistance.

Example:

Virginia's Center for Innovative Technology (CIT) promotes industry-university partnerships in technology development by funding university faculty members who participate in technology transfer research and serve as advisors to businesses. For more information, call CIT at 703-689-3015.

Local universities are another excellent resource for technology. Contact your local college to assess the potential for a local technology development center.

Technology transfer and development have spread to the private sector. You can raise the issue of technology consulting with local consulting firms and universities. They can contract with firms to develop a certain capability or gain authorization from the federal government to commercialize a classified technology and sell it to private firms.

Example:

Defense Technology Enterprises, Ltd. (DTE) of the United Kingdom is a private company designed to assist in transferring technology from the Ministry of Defense (MOD) to industry for commercialization. DTE works with the MOD and individual contractors to find techniques and technology that might have consumer applications. The firm then sells the technology rights to interested private firms. Many restrictions apply to the use of military technology, making DTE's work challenging and complex.

Manufacturing Networks

Groups of firms in a variety of local industries can pool their diverse talents and capabilities to undertake projects that would be well beyond their individual reach. Over time, manufacturing networks produce greater specialization, en-

abling firms to undertake more sophisticated processes and products. Network firms often work together to develop new technologies and submit joint proposals.

American defense contractors have already collaborated by submitting joint proposals on major projects. The type of collaboration practiced by defense contracting teams can also help subcontractors and other small businesses remain or become competitive in consumer markets.

Manufacturing networks can be created in a community by identifying an appropriate industry. Networking commonly works well in high-tech, woodworking, textiles, apparel, ceramics, metalworking, machinery, and other industries. Approach local, regional, or state leaders in the targeted industry to discuss networking. Holding focus groups will help you assess the feasibility of building a local manufacturing network. Facilitate discussions by concentrating on the potential benefits of networking.

Manufacturing networks can:

- **Share resources.** The best, most advanced, high-tech equipment is also the most expensive. Through sharing resources, smaller firms can expand their capabilities and buying power.
- **Compete with larger contractors.** Several small, complimentary firms can work together, submit joint proposals, and compete for contracts as if they were a larger firm.
- **Develop new technologies.** All firms conduct research and development, but they tend to duplicate each other's work. Companies that work together can benefit from each other's discoveries without reinventing the same technologies.
- **Maximize individual strengths.** Small firms often have strengths and weaknesses. However, as they are too small to contract out tasks, they are forced to continue performing in their weak areas. Networks will allow each small firm to focus on its strengths and out source their weaknesses to other firms in the network who can perform more effectively in these areas.

If the focus groups react positively to networking, create an umbrella organization, consisting of business leaders, that can direct networking programs. Empowering the umbrella organization to offer grants, assistance and services to networking companies also promotes the cause of economic adjustment. Some communities have even donated equipment to a "network" to increase its operability.

By getting industry to consider manufacturing networks, governments (local, regional or state) can support and encourage cooperation, but ultimately business leaders will control its success.

Example:

A strong network of small manufacturing firms has developed in the Emilian-Romagna region of Italy. In the 1970s, small subcontractors, tired of relying on larger firms for business, found they could compete successfully in larger markets by working together. Today, the networks are even more interdependent and allow the region's small firms to compete internationally.

Local branches of trade associations or other business groups can be valuable contributors to networks. These associations are the first link of cooperation between companies. They also have an interest in improved relations between firms.

Once the network is established, step back and allow the people who understand the business in the umbrella organization to control its direction and focus. If businesses believe networks will make them more profitable, they will continue to collaborate.

New Product Development

When demand for a product falls, many firms develop new, more marketable products. Local officials can help firms develop new products by participating in or encouraging feasibility studies, assessing markets, and providing information on new product development.

Your community's economy may be too diversified or small for a product feasibility study, but you can encourage some type of a study by pooling re-

Example:

In California, Los Angeles County's Aerospace Task Force (ATF) is assessing the electric car's potential as a consumer product to counterbalance Los Angeles' downsizing aerospace industry. ATF can provide this service for two reasons. First, the individual communities in the Los Angeles region were able to work together and pool their resources. Second, Los Angeles is experiencing dislocation as a result of its heavy dependency on aerospace technology and manufacturing. For more information, contact the Electric Automobile Subcommittee of the ATF at 213-462-2228.

sources. Universities, chambers of commerce, and technology centers are appropriate organizations to approach regarding feasibility studies.

You can also promote product diversification by providing case studies of successful and unsuccessful diversification efforts. Local businesses may not know such cases exist. By sharing these examples, you can help local businesses learn and benefit from other companies' experiences.

New Market Development

Many contractors are forced to downsize as their contracts end, even if alternative markets for their products exist. Defense firms and government contractors in general are different than other private firms. They are less concerned with cost efficiency and mass marketing as they make a specific product for one, guaranteed customer.

Changing corporate philosophy from government contractor to consumer marketing is a challenging task. You can make this step easier for local industry by providing information on other government or consumer markets.

Although defense spending is decreasing, other government programs are growing — environmental and banking for example. Many firms have been successful in diversifying their government contracts. Providing local contractors with information regarding other government agencies may help them identify appropriate new products and markets inside the U.S. Government.

Example:

EG&G of Wellesley, Massachusetts, a defense contractor that manufactures nuclear weapon components and missile testing devices, has contracted with the U.S. Department of Energy to manage the environmental cleanup of the Rocky River Flats (Colorado) Nuclear Weapons Components Production Facility. EG&G was able to diversify by capitalizing on its strengths — knowledge of nuclear weapons and government contracting.

You can help local businesses find new markets for their products by referring them to resources available to assist them. For instance, most firms have trade associations with a vested interest in helping their members produce and sell their product. Identify business and trade organizations and their services, and pass this information along to local businesses.

Another resource that exists to assist businesses are Small Business Development Centers. Throughout the country, 700 small business centers specialize in giving one-on-one assistance to small businesses. Specialized assistance by experts will help your firms identify and access new markets for their products or services. You can provide information on a nearby center or look into starting one in your community.

Capital Formation

One of the greatest constraints to business expansion into new products or markets is the lack of capital, particularly for small firms. Local governments can assist in capital formation by:

- Identifying capital needs of local firms in conjunction with local business executives.
- Identifying sources of federal and state capital, including pension funds, linked deposit programs, state loan programs, and tax incentives.
- Identifying private sources of capital, including venture capital funds, small business mutual funds, and bank community development corporations.
- Establishing local revolving loan funds or seed capital funds to finance business expansion activities.
- Working with existing local nonprofit organizations such as community development corporations to meet business financing and management needs.

New Business Development

Defense prime contractors and subcontractors may have divisions or subdivisions that can be spun off as new companies. Also, defense employees may have skills that would enable them to start up their own firms.

Local government can assist new business development by:

- Working with local firms to identify potential entrepreneurs and new business ventures.

- Consider offering technical assistance to potential entrepreneurs, including access to budgeting, marketing, and other critical information.
- Develop incubator space for new businesses.
- Help put venture capital together locally through venture capital clubs and venture capital networks that help match investors with entrepreneurs.

Resources for Industry Adjustment

Diversification takes time, money, and effort. Often, businesses do not have enough resources to diversify. The current fiscal situation does not allow for any direct aid to businesses. Cities do have access to other funding mechanisms and can also leverage funds for adjustment from local institutions.

Local

Community Reinvestment Act: The Community Reinvestment Act of 1977 (CRA) holds financial institutions responsible for loaning money to local interests. Recently, CRA was strengthened to allow for disclosure of a bank's CRA compliance rating. CRA provides local officials with a tool for leveraging funds from local financial institutions in a variety of ways. CRA loans can be made to local businesses for diversification efforts.

Example:

The City of West Hollywood, California's Department of Community Development through collaborative negotiation was able to facilitate its banks' compliance with CRA by providing them with a menu of acceptable options. Among those options were loans for small business development. For more information, call 213-854-7475.

Loan Guarantees: Many solvent firms do not qualify for loans for diversification from banks. Local government can help by promising to pay the debt if the company defaults. By guaranteeing a loan to a company for diversification, you are investing in your community's tax and labor bases.

Linked Deposits: Municipal governments invest millions of dollars in a variety of depository institutions. Link deposits earmark those investments for specific loan programs. The city accepts a below-market interest rate with the understanding that the lower rate will be passed on to the targeted borrower. This

strategy for leveraging funds can be tailored to promote the diversification of local businesses.

Business Organizations: Community business leaders work together through different types of organizations. Private industry councils, regional employment boards, rotary clubs, chambers of commerce, and other local or regional organizations can provide information, outreach, and assistance for industry adjustment. Encourage these organizations to participate in planning, networking, and implementing adjustment strategies; seek their advice on local/regional industry needs; and use their meetings as forums for regular dialogue with the business community.

Non-profits: A variety of nonprofit organizations exist that deal with industry adjustment issues. These organizations can build consensus, provide training, direct early warning networks, and participate in planning. Large metropolitan areas and universities are good places to begin locating nonprofit organizations.

Example:

The Council of 100 of the Rockford (Illinois) Area Chamber of Commerce promotes export awareness and export trade among firms in the region. Last year, the council helped more than 200 area firms export \$147 million of products through a variety of export promotion programs. For more information, contact the Chamber at 815-987-8100.

In Kind Contributions: Volunteer resources should not be overlooked. Local foundations, and community groups are a vast untapped resource for volunteer help.

Example:

The Federation of Industry Retention and Renewal (FIRR) in Chicago is a trade association of early warning teams. Members of this organization work to identify troubled plants and help them overcome problems. By accessing FIRR's membership, you can locate any early warning providers in your area. For more information on the FIRR, call 312-252-7676.

State and Trade Association Resources

State Agencies

Many states with heavy dependence on defense spending are already studying the problem of industry adjustment. Contact the economic development

department in your state to find out if your state has initiated a project. Your community's businesses may be able to receive state assistance in their adjustment effort.

Example:

The Connecticut Department of Economic Development has \$10 million of loan authorizations for firms attempting to diversify. The loan payback schedule is tailored to each case. For more information on the Connecticut Department of Economic Development, call 203-258-4201. To reach the Connecticut Office of Defense Diversification, call 203-258-4219.

Trade Associations

Centralized organizations can pool the resources of their membership and provide assistance and information. Statistical analysis, technical assistance, information gathering and dissemination, research, lobbying, and referrals are some ways trade associations with roots in your neighborhood may be able to assist industry adjustment.

Example:

The Aerospace Industries Association (AIA) is the non-profit trade association representing the nation's manufacturers of commercial, military, and business aircraft, helicopters, aircraft engines, missiles, spacecraft, and related components and equipment. AIA, recognizing aerospace's vulnerability to defense cuts, publishes pertinent reports and conducts studies of the aerospace industry. For instance, AIA studies the impact defense cuts have had and forecasts future impacts on the aerospace industry. For more information on AIA, call 202-371-8400.

ENDNOTES

- 1 *After the Cold War: Living with Lower Defense Spending.* Congress of the United States, Office of Technology Assessment. February 1992. Page 22.
- 2 *Ibid.* Page 31.
- 3 *Ibid.* Page 31.
- 4 *St. Louis Economic Adjustment and Diversification Program: A Summary Report.* Prepared by St. Louis Economic Adjustment and Diversification Task Force, St. Louis, MO. November 1991.
- 5 *Diversification: Strategies for Military Dependent Communities, Firms, and Workers in Washington State.* January 1992.
- 6 Adapted from a conversation with David Alexander, St. Louis Economic Council, Clayton, MO.

CHAPTER FIVE

Worker Adjustment

Executive Summary

This chapter examines the composition of your defense-related workforce and presents strategies to helping these workers adjust to cutbacks in the defense industry.

- Defense workers have certain characteristics that need to be recognized in developing an effective worker adjustment strategy. Some of these characteristics include: highly paid, highly skilled, higher proportion of managers, greater proportion of engineers and technical workers; and a significant number of older workers.
- Local government can help define the dislocated or at-risk population of workers within their community; link worker adjustment efforts to those of industry and community adjustment; coordinate federal, state and local resources; facilitate dialogue between public and private sectors; and maximize the utilization of existing systems of job placement and training.
- The two principal types of worker adjustment assistance efforts are training and job search assistance.
- The local worker adjustment process includes 1) defining worker population and worker needs; 2) conducting an inventory of current worker programs; 3) determining gaps; 4) identifying strategies; 5) implementing programs; 6) evaluating efforts; and 7) job placement.
- Many of the steps to the worker adjustment process can and should be taken prior to the announcement of a cutback or closure. Know your workforce, define your resources and build your assistance networks.

Reductions in defense spending will significantly affect many communities and some industries. Changes in defense spending, however, have the greatest affect on the employment base. The local resource most visibly threatened and affected by an economic downturn of any kind is the workforce. The newspaper headlines in St. Louis, Fort Worth, Los Angeles, Groton, and other communities

are full of news of massive layoffs from defense firms. Who are these defense workers and how can local government help them?

Defense-Related Employment

The Office of Technology Assessment estimates that approximately 1 million defense-related jobs could disappear by 1995. Approximately 104,000 civilian DoD jobs and approximately 530,000 defense-related jobs would be lost. The remainder are active duty military. These figures are based on the President's FY 1992 budget proposal which projected a 19 percent decrease in defense outlays between 1991 and 1995.¹ While some argue that many of these jobs will be taken care of through attrition, no one would argue that areas that currently suffer from high unemployment and have a high level of defense-related employment will have a major employment adjustment task at hand.²

The defense workforce encompasses a wide spectrum of workers ranging from engineers and scientists with advanced degrees to blue collar workers, many of whom lack basic reading and writing skills. The Defense Budget Project (DBP) suggests that not all sectors will be affected evenly, with the blue collar, production line workers more severely affected than others, given recent downturns in U.S. manufacturing. Furthermore, DBP suggests that scientists and technicians face a different reemployment problem — that of trying to find work employing their existing skills, some of which are highly specialized, at equivalent pay levels and in the same communities.

Other characteristics of defense workers include³:

- Defense workers are well paid even in relation to the rest of manufacturing industries.
- Older workers (over 45) constitute a larger share of defense employment than other sectors.
- Defense industries have a higher proportion of managers per worker than do non-defense firms.
- Defense industries have a higher share of engineering and technical workers compared to non-defense industries.

An illustration of a “typical” defense workforce was featured in a recent study of five defense firms from Long Island:

Engineers comprise 33.9 percent of all workers, and together with computer, math, and other professionals constitute 37.4 percent of the total workforce. The other distributions are: technicians, 12.6 percent; clerical workers, 15.7 percent; service workers, 3.4 percent; skilled craftspersons, 9.7 percent; assemblers, 14 percent; managers, 6.3 percent; and “other,” 0.9 percent.⁴

What's Worked in Employment Adjustment?

While there is not a significant base of information available on dislocated defense workers, there is a substantial base of experience and study on adjustment assistance programs for workers in manufacturing and similarly related defense-oriented businesses. Well-designed and effectively managed employment adjustment programs can help reduce the duration of unemployment, enhance the earnings of the worker, and help ensure a longer duration of employment. Some of the key elements of a worker adjustment program are:

- Early intervention — offer employment adjustment services prior to layoffs if possible.
- Cooperative efforts by local government, management, and worker representatives — joint labor-management planning and cooperative public and private sector initiatives will help ensure that efforts are targeted to worker needs and used by displaced workers.
- Full spectrum of services must be offered — services must meet the diverse population and include vocational education, remedial education, and pre-retirement counseling. Services should be located in a central location.
- Worker training should focus on the greatest problem that exists — unskilled workers or those with mismatched skills for today's jobs.
- Demand-based training — training must be directly tied to job growth strategies and needs of existing and potential new businesses.
- Training should carefully match workers' backgrounds and abilities.

- For those who don't need training, employment services and other existing resources are needed to assist them in finding new jobs.
- Carefully coordinated and packaged resources — public and private sector programs and resources (both in-kind and direct) must be carefully coordinated.⁵

The above elements of a worker adjustment program were developed with this premise in mind: "Each occupation, with its specific skill and education level, brings with it different problems and advantages when seeking re-employment."⁶

Local Worker Adjustment Process

The adjustment process for displaced workers, whether defense-related or not, should include the following steps:

- 1) **Define Dislocated Worker Population and Worker Needs.** Only local assessments will provide an accurate definition of local circumstances.
- 2) **Inventory Current Worker Programs.** Determine what worker adjustment efforts are already underway in your community, region, and state.
- 3) **Determine Gaps.** Evaluate the strengths and weaknesses of current adjustment efforts by comparing and contrasting available programs with worker needs.
- 4) **Identify Strategies.** Identify programs and strategies that strengthen existing programs, fill the gaps in worker assistance, and meet immediate as well as longer term employee needs.
- 5) **Implement the Program.** Implement the program using existing networks and private and public resources including local employers, community colleges, and training centers and a mix of public and private sector resources.
- 6) **Evaluate Your Efforts.** Ongoing evaluation of adjustment programs will help ensure continued relevance and effectiveness. Make adjustments as necessary and publicize your efforts.

Define Dislocated Worker and At-Risk Populations and Their Needs

Dislocation stretches across all professions and income levels. Recent declines in defense and other highly technical fields make well paid whitecollar professionals and engineers particularly vulnerable to dislocation.

A workforce assessment will help you identify dislocated workers, those at risk for dislocation (i.e., working for a firm that is highly defense dependent), and define their assistance needs. Different causes of dislocation require different assistance. Identifying dislocated workers by the characteristics that make them dislocated will help match workers with adjustment strategies. Some basic characteristics to look for in today's displaced workers are educational/occupational skills, interests, duration of unemployment, age, and job search experience.

There are a few ways to conduct research for a workforce assessment. Worker surveys like the one included in Appendix A will give you a detailed picture of your community's workers. Labor market information is available from the U.S. Department of Labor and the employment service. Less formal interviews and focus groups will yield insight into worker needs that cannot be found from other sources. Your local Private Industry Council (PIC), chamber of commerce, and labor union can also provide important worker information.

Inventory Current Programs

All communities have some worker adjustment programs already in place. For some communities, evening courses offered at a local community college could be adapted to the needs of the dislocated workforce, while others may have comprehensive job training, assistance centers, or other programs in place.

Survey your local community to define the service providers as well as the extent of services (training, counseling, job search assistance) offered. Produce a matrix of service providers and services offered that can be crossmatched with local needs. Service providers may include state, regional, and local governments; PICs; companies; unions; community colleges; universities; small business development centers; and others.

Check all potential sources, as some may be more obvious than others. For example, North Adams State College in North Adams, Massachusetts offers courses to unemployed workers free of charge, where space is available. Pro-

grams such as this are a valuable part of worker adjustment, but could be overlooked if a thorough assessment of current offerings is not conducted.

Determine Gaps

Current programs and strategies may not be flexible enough to meet the changing needs of dislocated workers. Compare the available programs with worker needs on several levels: types of assistance, skill level, link to existing and future jobs, capacity of programs vs. demand, underused programs/resources, and availability of resources. Making comparisons of this nature will allow you to identify whose needs are not being met. Make a specific list of current gaps in assistance. Next, define strategies to effectively fill those gaps.

Identify Strategies

A community's worker adjustment program will consist of a menu of programs that together meet the needs of the local labor force. Each program should have a set of well-defined goals and objectives that together represent the collective employment adjustment goals for the community. It is critical that the programs selected be based on the needs of the local labor force. **Make a determination about services to be provided only after defining the needs of the dislocated workforce.** The following menu of programs is intended to provide a comprehensive look at the types of programs that can be offered.

The strategies are divided into Training and Job Search Assistance. Both training and job search assistance should be based on local demand — the existing or future needs of local firms or the needs of potential new firms whose location in the community is anticipated in the near future. While training strategies are presented first, in fact, many workers may only need job search assistance.

Training

Job training and retraining is a significant need of dislocated workers today. For many dislocated workers, a professional resume, numerous job openings, or sharp interviewing skills may not be enough. A lack of marketable skills requires additional training for acceptable reemployment.

Worker training needs can vary dramatically. In virtually every case, the training should be based on existing demand, i.e., jobs that you know exist or will exist in the near future. It is also critical to place workers in training that matches their needs and abilities. Placing people in a training program that is too sophisticated or too basic will waste resources and frustrate workers. To ensure that workers receive the kind of training they require, rate their skills on a four-tier scale.

1. Highly skilled and well educated. This person has basic and technical training sufficient to obtain rewarding reemployment without further training.
2. Specific technical updating or upgrading may be necessary. This person typically has strong basic skills and some limited or outdated technical experience. Workers who lose their jobs due to plant modernization fit into this category.
3. Vocational training is necessary. This person may have all the required basic skills, but lacks advanced skills in any marketable trade. A high school graduate who was laid-off from a factory position would fit into this category.
4. The lowest level of training. Someone in this group lacks many of the basic skills required for any job. Often, people in this group have little formal education.

Assessing the skill level of dislocated workers will help you place them in the retraining program at the appropriate level. Although people in the first group do not need additional training, they may benefit from continuing education or entrepreneurial training. Even if they pursue specialized training, the first group should also begin looking for new employment immediately. The first group would benefit from services provided at your job placement center.

The second group is often misgrouped by retraining programs. Usually these individuals are either placed in the first level (not in need of training) or are lumped into the third level (in need of intensive career training). By placing them into the wrong level, they are either excluded from the training program or placed into a program that is too simple. A program aimed specifically at giving them the specialized skills required in their profession is the most effective way to assist the second group of dislocated workers.

The third group has grown with recent layoffs in steel, auto production, and manufacturing as a whole. Factory or assembly line workers, unable to find other, similar manufacturing jobs lack training necessary for high paying jobs in other fields. These people may have to learn another skill before they can find acceptable reemployment.

The group that lacks basic skills represents the most challenging training dilemma. Some workers may be functionally illiterate and lack fundamental math skills. These individuals need the most help. Once high school competency is achieved, the worker can generally find at least a part-time job while they pursue vocational training.

Matching worker needs with training programs requires knowledge of different training strategies (see Figure 5.1, below). The following is a brief description of seven different strategies. Consider each strategy, compare them to the needs of your dislocated workforce, evaluate the available resources, and choose the right mix of retraining strategies for your community.

Figure 5.1 — Training Strategies

- | | |
|-------------------------|-------------------|
| • Basic Skills | • Entrepreneurial |
| • Vocational | • On-the-Job |
| • Customized Vocational | • Peer Counselor |
| • Continuing Education | |

Basic Skills Training: The skill levels required for a job varies, but almost all jobs require a worker to have some basic skills. The chances of finding a well paying job without these skills are slim. These skills include reading, grammar, writing, and mathematics.

Basic skills are usually taught in a classroom. Typical providers include public schools, vocational schools, labor unions, and large employers either individually or in partnership with other organizations.

Vocational Training: Vocational training is intensive training designed to teach a person a marketable skill. Traditional vocational trades include mechanics, carpentry, and plumbing, but any skilled labor education can be considered vocational.

Many regions already provide some vocational training, especially at the high school level. The substate JTPA grantee might also contract with vendors to provide vocational training. The federal government provides matching funds to states for vocational programs as a result of the Perkins Act (see the resource section of this chapter).

Customized Vocational Training: Customized vocational programs train workers for a very specific job or company. These projects are often designed to fill openings in local firms that cannot be filled by the local employment pool. Customized training can effectively improve the match between skills and opportunities.

Customized training helps companies expand. Land, construction, and new equipment costs combined with retraining employees can make expanding prohibitively expensive. Customized training can help make expansion more affordable while it also helps displaced workers find reemployment.

Example:

A community college in Orangeberg, South Carolina began a customized vocational training program in 1984 by building a classroom that replicated a section of a Hughes Aircraft plant that had recently located in the area. Workers could take inexpensive courses at the college that would train them to fill Hughes' need for a specialized workforce.

Continuing Education: Many of the lower level training programs have only limited usefulness for whitecollar professionals, but continued education could allow them to broaden their options. Dislocated professionals may not view continuing education as a realistic option for either financial or professional reasons. By providing information on local university programs and financing options, you can encourage highly skilled workers to explore all options.

Many schools, thirsty for experienced graduate students, offer grants, scholarships, and assistanceships to qualified applicants. Other private and public sources provide loans and grants designed for adults who return to college. By researching and finding these sources, you can help dislocated professionals receive appropriate training.

Entrepreneurial Training: Dislocated professionals may consider going into business for themselves. One aspect of building a good environment for new businesses is training qualified applicants to start and run their own business.

Directed, motivated, innovative, educated individuals with access to capital would be good candidates for an entrepreneurial training program.

Workshops on financial planning, inventory control, personnel management, and available resources can help impart the necessary skills to people who are considering going into business for themselves.

On-The-Job Training: The best place to learn a trade is on the job. In appropriate communities, substate grantees may decide to use JTPA funds to supplement new employees' salary as they learn a skill. Once they are trained, the workers are retained by the firm at the full, unsubsidized wage.

Peer Counselor Training: There are a variety of emotional and financial problems associated with unemployment. Dislocated workers who are hesitant about opening-up to a stranger may talk through their problems with a friend. By training dislocated workers who are interested in helping fellow workers adjust, you supply effective counseling for workers and train peer counselors for possible public service careers.

Good candidates are dislocated workers who are seen as leaders among co-workers. Some peer counselors even have some prior training or education in counseling. Training consists of focus group facilitation, using interpersonal communication skills, and other counseling techniques.

Peer counselors can be placed under contract to staff a resource center or act as job developers while providing counseling. If this is not a permanent position, counselors should continue to watch for other job opportunities.

Job Search Assistance

Many dislocated workers need help finding a good job, and helping unemployed workers identify potential openings can be an effective strategy for many skilled workers (see Figure 5.2, p. 95). Job search assistance:

- can be funded through the Economic Dislocation Worker Assistance Act, commonly known as EDWAA (see resources section of this chapter);
- is the quickest way to help dislocated workers. An efficient job placement center can be set up to help people immediately;
- brings out dislocated workers' marketable skills and helps them identify job openings and market themselves; and
- minimizes the period of dislocation.

Many communities initiate some kind of job search program, but they require continuous maintenance to maximize success and minimize dislocated workers' frustration. By recognizing the qualities of an effective assistance program, you can evaluate current efforts. The following are some key principles to providing effective job search assistance.

- **Make sure that your information is current.** For a worker following up on an opening, outdated information can be embarrassing and frustrating.
- **Strengthen relationships with local employers.** Good communication will help ensure timely, accurate information regarding job openings.
- **Access as many job banks as possible.** The more information you can provide, the more useful your effort will be.
- **Be sensitive to motivational problems.** Looking for a job can become frustrating and depressing. Pep talks keep workers focused and positive.
- **Evaluate progress.** Program evaluation by users and employers will help make your program more user friendly for both parties.
- **Hire knowledgeable and experienced project staff.**

Figure 5.2 — Job Search Assistance Tools

- | | |
|--------------------|---------------------------------|
| • Resource Centers | • Job Fairs |
| • Workshops | • Job Developers |
| • Presentations | • Regional and State Networking |
| • Support Groups | |

Resource Centers: The centerpiece of many successful job search assistance projects is a resource center that acts as the worker adjustment headquarters. The resource center will be a physical location where workers can go to learn about and consult adjustment services firsthand. It is also where much of the actual job search takes place.

Resource centers can be managed by various organizations. Throughout the country, cities, PICs, labor unions, corporations, community colleges, and others have operated resource centers, but usually they are operated by a partnership of these organizations.

Some basic components of a well-stocked resource center include:

- **Computers:** Computers can be used for writing and editing resumes, sharpening computer and typing skills, accessing computerized data bases, and other uses.
- **Telephones:** The best time to follow up on a lead is when you find it. If telephones are available, they will be used. Workers often prefer to make calls from the professional environment of the resource center.
- **Bulletins:** There are job listings in most newspapers and trade magazines as well as in a variety of other job banks. Workers should be able to easily access service listings at the resource center.
- **Staff:** There should be a resource specialist in the center who understands the center's equipment and is available to answer questions. This person could also be a peer counselor or a job developer (both explained later).
- **Typewriters:** People who do not have typewriters of their own can come to the resource center to complete job applications or practice for typing tests.
- **Manuals:** Information on a variety of topics including unemployment insurance, your program's services, and job search techniques would be useful.
- **The center also should have:** Telephone books, maps of the area, lists of area businesses, list of local labor organizations, and a zip code book.

Resource centers provide another valuable, but less obvious service to dislocated workers. People who are accustomed to going to work may feel lost without a job. The center allows them to maintain their routine by providing another productive place for them to go each morning.

If a resource center does not already exist in your community, and one is needed, you may want to collaborate with local firms and colleges to help establish one. If a center is well supplied and staffed, it will provide an excellent, non-intrusive adjustment tool for workers.

Workshops: Career development workshops are interactive programs that bring dislocated workers and job search experts together. They can be scheduled either as full day sessions or shorter, weekly meetings. Either way, they allow

dislocated workers to actively participate in a variety of activities ranging from skill assessment to self marketing.

Workshops are an excellent forum for setting up mock interviews between applicants and staffers or local employers. By practicing their interview techniques, workers can sharpen their personal marketing skills and gain confidence in a non-threatening environment.

Resume writing is another popular workshop topic. An accurate, professionally written resume will help dislocated workers find jobs, but many dislocated workers may be unfamiliar with resume writing. Workshop participants could obtain instruction, view samples, and use computers to produce actual resumes.

Workshops are an inexpensive, effective tool for worker adjustment. Common providers are city and state economic development agencies, regional economic development agencies, labor unions, community colleges, and non-profit organizations.

Presentations: Presentations are an effective way to pass information on to large groups. Staff and resource limitations may make the personal attention required for other programs impossible.

Orientation, motivation, resume writing, and case studies are good topics for presentations. Expert or celebrity appearances can enhance presentations.

Support Groups: Being unemployed has adverse affects on more than just a worker's pocketbook. Support groups are a good opportunity for workers and their families to get together and talk about their problems. Small groups of people together with a facilitator can create an excellent environment for discussion. By listening and learning from each other, workers can realize they are not alone and can work together to find solutions.

Support groups work well for larger efforts. In a community-wide worker adjustment effort, local experts may be willing to volunteer their time to help workers adjust. Public school councilors, university professors, and private practitioners are qualified, local people who could lead a support group.

Job Fairs: In large, diverse markets qualified workers and job opportunities often exist, but can have trouble linking up. Job fairs can facilitate linkage by bringing major local employers and potential applicants together.

Job fairs are most effective in large markets since they can pull together many businesses and types of workers. Large markets can target job fairs to

specific careers such as a computer fair. Smaller markets can join together in a regional job fair.

The participation of the largest, most desirable employers is crucial, making employer outreach key to the fair's success. Any company with openings should have a booth at the fair, but even companies that do not have immediate openings should be encouraged to attend. It will give both workers and employers a chance to assess present and future opportunities.

At the fair, employers should provide information on their company, job requirements for potential openings, and employment applications. Applicants should arrive well dressed and bring their resumes for distribution.

Although the city may not be able to finance the job fair, its endorsement can also be beneficial and much less costly. By publicizing, supporting, and even conducting a booth at the fair, you can help facilitate a fair's success.

Job Developers: A job developer is a specialized, project staff person who matches qualified applicants with openings. Many companies have openings that are unadvertised and unfilled. It is the job developer's responsibility to find and fill those openings with local workers.

Only large city's can afford to hire a full-time job developer, but smaller markets may consider investing in a part-time one. A part-time developer may work regionally for several small communities or contract to do other adjustment activities, such as staff a resource center or conduct peer counseling.

There are several strategies a developer can use to identify openings. By building a positive relationship with local firms, monitoring sales, and identifying promotions/retirements, a job developer can locate hidden opportunities.

Once they are found, the developer can match workers with openings. There are two ways to ensure a good fit. First, through informal, periodic conversations with local employers, a job developer can identify company needs and employee requirements. With access to a dislocated worker job bank, the job developer can even suggest potential candidates for openings. By screening potential applicants and recommending only a limited number of qualified applicants to the company, a job developer can ease company anxiety.

Job developers can provide a valuable link between business and potential workers if they have the proper experience and knowledge. In hiring job developers, be careful not to undermine other effective, reputable job placement companies.

Regional and State Networking: Dislocation is rarely limited to one, isolated community. Problems experienced by your community will probably be mirrored throughout your region and state. Your state or neighboring communities may have job search centers.

By sharing job and resume banks you will be able to provide more information on workers and openings to your constituents. Offering people more information improves your program. Also, sharing information with other communities in your region, sets a valuable precedent for working together for the benefit of the region.

Federal Assistance

Operation Transition Systems: Operation Transition is a program designed to assist over 300,000 service members who annually separate from active duty and their families transition to civilian life. Included in Operation Transition are two automated employment assistance programs that registered employers can use to reach this quality labor source. For more information on these programs, call DoD's Office of Economic Adjustment (see Appendix B for contacts). These programs are:

- ***Defense Outplacement Referral System (DORS)*** — DORS is a mini-resume registry and referral system developed to provide employers with easy access to U.S. Department of Defense personnel and their spouses who are seeking civilian employment. Upon the employers touch-tone request, the system matches mini-resumes with a job opening and provides these mini-resumes by fax or mail to the employer. Employers can access DORS via a 1-900 telephone number (\$5 for the first minute and \$1 per minute thereafter) to receive up to 25 mini-resumes by fax the same business day or up to 100 mini-resumes by mail the next business day. DORS was implemented in December 1991.
- ***Transition Bulletin Board (TBB)*** — Once registered for DORS, employers are also eligible to place two-week or six-month job ads on an electronic bulletin board. The job ads will be available the next business day to individuals at over 350 military installations worldwide.

Implement Your Worker Adjustment Program

Based on your defined needs, available resources, and proposed strategies, you should define an implementation schedule. The implementation schedule should prioritize your efforts, define who will implement what programs, state when the programs will be implemented, outline anticipated results, and detail how the programs will be paid for. The implementation schedule serves as your action agenda and the basis for your program evaluation.

Evaluation

Constant evaluation of your different strategies will help keep them focused and relevant. Successful reemployment is the best gauge of worker adjustment, but good worker adjustment efforts will not always yield complete reemployment. Evaluate your effort by answering questions about your programs. Does the program reach the people in need? Is it useful for dislocated workers? Are resources being used effectively?

Workers can help evaluate your adjustment efforts. Design a comment sheet for workers to fill out. Use their feedback to improve the program.

Following your evaluation, document lessons learned and make adjustments as needed. Be sure to publicize your progress.

Resources for Worker Adjustment

PICs: Private Industry Councils (PICs) are the primary local service agents for Job Training and Partnership Act (JTPA) funds. Members are appointed by their primary local official. PICs are made up primarily of business leaders but also include representatives of public education, organized labor, community organizations, and state and local agencies. PICs work with city and county governments to oversee the operation of federally funded JTPA programs.

Many larger PICs are incorporated. Incorporation allows a PIC to raise money from sources other than the government.

Example:

The Cumberland County, Maine Private Industry Council was funded through state legislation and JTPA Title III funds to provide a comprehensive package of services for the county's dislocated workers. The services they provided included testing and assessment, group workshops, career exploration, one-on-one counseling sessions, remedial education, and skills training. For more information, call the Maine Private Industry Council Training Resource Center in Portland at 207-772-6802.

Industry: When layoffs become an unfortunate necessity, companies are often willing to do what they can to help their former employees adjust. Company assistance to workers should begin with acceptable notice but may also include job search assistance and some training efforts.

Example:

The McDonnell Douglas Long Beach (California) aircraft division assisted 8,000 workers that were laid-off in 1990. Through negotiations between the state's and city's employment development departments and the company, a plan for worker adjustment was established. To show its commitment to worker adjustment, McDonnell Douglas provided its former employees with a job-search information package and conducted job fairs with potential employers. For more information, contact the City of Long Beach's Training and Employment Development Officer at 213-590-6885.

Unions: Labor organizations are often in an excellent position to participate in the planning, design, and operation of programs for workers who have been permanently displaced. Unions support efforts that include early notification/intervention, joint labor-management involvement, peer counseling, comprehensive skill assessment, timely labor market information, and a service mix that may include basic skills training, job search assistance, participant support, placement, and follow-up. See Appendix B to contact the Human Resources Development Institute of the AFL-CIO.

Local Colleges or Universities

Local colleges have many resources that help worker adjustment.

- Community colleges offer affordable educational upgrading opportunities and are flexible enough to meet the training demands of dislocated workers.

- Most colleges have expertise in job search and placement. Their expertise could help the dislocated workers in your community find work.
- Colleges can also assist in workforce assessment.
- Some universities (like Adams University, previously mentioned) might provide tuition breaks for dislocated workers.

Placement Agencies

Many localities have companies that specialize in finding jobs for people. Other agencies provide temporary workers to area firms. Some placement agencies and temporary employment agencies specialize in certain fields such as legal affairs or communications. These specialized agencies can effectively match workers' skills with job openings.

Often, these firms offer free training in computer, stenography, data entry, and legal research in an attempt to provide better workers for their clients. By providing information on these programs, you can help workers find jobs and get necessary training, without using valuable resources.

Community Organizations

Local organizations of all types can help in worker adjustment, but their efforts may need to be focused. You better focus their assistance by suggesting specific ways local organizations can help their community's workforce. Volunteer assistance is always helpful, especially during the workforce assessment.

Example:

The Naugatuck Valley Project is a regional, non-profit organization in Connecticut that attempts to maintain Naugatuck Valley's industrial base through a variety of retention strategies. The Naugatuck Valley Project has been very successful in organizing community and employee buy-out strategies. For more information on the project, call 203-574-2410.

JTPA Service Centers

The federal government designates 40 percent of Job Training Partnership Act funds to a state grantee for a variety of uses. See Appendix B to identify your state's JTPA grantee. The state is required to maintain a rapid response team.

However, the rest of the state's discretionary JTPA Title III budget can go toward assistance, supplemental grants, early warning networks, technical assistance, dissemination of information, and workforce assessment efforts.

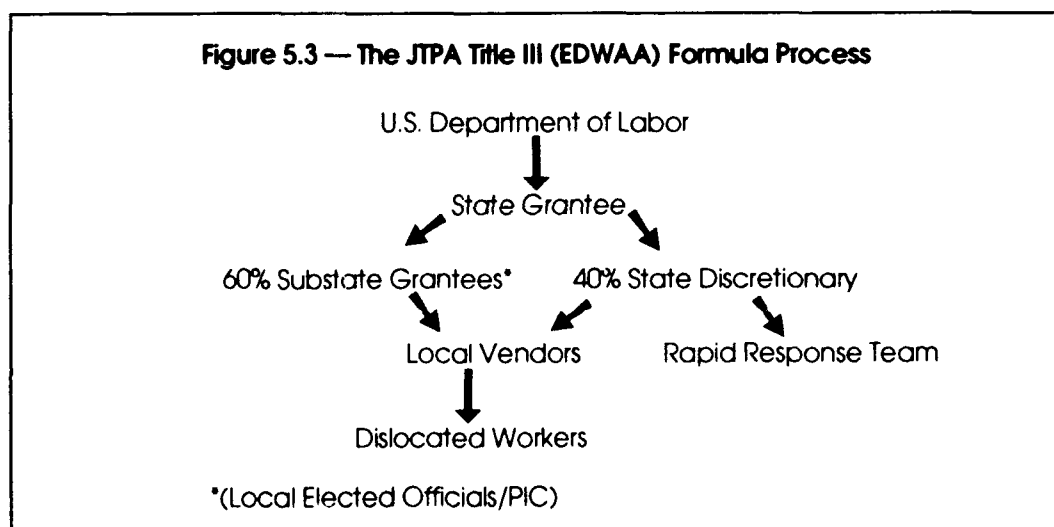
State Agencies

Virtually all states maintain economic or employment development agencies that work to improve the state's employment base. These agencies can provide valuable information on the labor force, state industry and skills profiles, as well as funding for economic and employment programs. See Appendix B for state by state descriptions.

Federal Worker Programs

The Job Training Partnership Act (JTPA): JTPA Title III, also known as EDWAA (Economic Dislocation and Worker Assistance Act), is the primary source of federal funds for worker adjustment. EDWAA received \$150 million in additional funding in 1991 from the Department of Defense to assist workers directly affected by reductions in defense spending. The funds are to be used for typical worker adjustment assistance that would otherwise be available under JTPA Title III, but is targeted to workers affected by reductions in defense spending. Understanding your role in the process used by JTPA for resource and service delivery is important to help ensure that dislocated workers in your community receive the assistance they need.

As illustrated in Figure 5.3 (below), funds funnel down from the federal government to each state grantee. The state grantee divides 50 percent of its funds



among the regional substate grantees according to a pre-established formula. Ten percent is also provided to substate grantees based on the state's money.

First, the state's money must be used for overall administration and rapid response. Where funds are not needed for these two activities, states may use funds for individual projects funded by the state or through the substate areas.

If you serve as your delivery area's lead city, you are directly responsible for choosing the substate grantee. In cooperation with the local private industry council (PIC) and the state grantee, you agree upon the substate grantee for your area. The most common is the local unit of government. Others include community colleges, non-profit organizations, regional economic development corporations, or company/union partnerships. The substate grantee will then provide training themselves or contract with vendors for training.

A portion of the state's discretionary funds may also go to local vendors chosen by the state grantee. The state will engage you and your peers in the decision process where appropriate. The state's direct grants will fund unforeseen dislocations and important projects that were underfunded by the formula money.

If you are from a non-lead city, you have two avenues for ensuring that your community's needs are addressed through JTPA. First, if your community needs more attention than it is receiving, you may discuss your needs with the local official from the lead city or your region's PIC.

If concerns remain after meeting with your regional representative, you can go directly to the state. The state grantee is responsible for seeing that all communities are funded appropriately. If extra assistance is necessary, the state grantee may choose to fund a special project in your community with its discretionary funds.

WARN: The Worker Adjustment and Retraining Notification Act of 1988 (WARN) was passed by the federal government in recognition of the tremendous benefit of advanced warnings of layoffs for workers and their communities.

WARN sets the following rules requiring companies to alert workers, the community, and union leaders of impending cuts:

- Generally, it pertains to businesses of 100 or more employees.
- Generally, advanced notice is required for (1) layoffs of 50 or more employees at a single site of employment within any 30-day

period; or (2) a mass layoff involving such an "employment loss" for at least 33 percent of the workforce (with a minimum of 50 workers affected), within any 30-day period; or (3) mass layoff involving such an "employment loss" for at least 500 workers within any 30-day period.

- WARN requires at least a 60-day notice prior to termination.
- Companies must notify affected workers, union representatives, local government officials, and the state dislocated worker unit of impending layoffs.

Businesses that violate WARN can be brought up on charges by the workers, union, or community leaders. Cases are heard in U.S. District Court.

WARN helps communities prepare for layoffs, but the system is not perfect. Many of the firms affected by the reductions in defense spending have fewer than 100 employees and are therefore exempt from WARN, although some firms comply nonetheless.

The 1991 Defense Authorization Act authorized \$150 million to assist workers dislocated as a result of reductions in defense spending. The funds may be used for any purpose for which funds may be used under Section 314 of the Job Training Partnership Act including job training and job search assistance. Funds also were made available for demonstration projects, including projects to facilitate the placement of eligible employees in occupations experiencing skill shortages; projects to assist in retraining and reorganization efforts designed to avoid layoffs; and projects to assist communities in addressing and reducing the impact of such economic dislocation. (Note: Not more than 10 percent of Department of Labor (DoL) funds are available for demonstration programs.) The first demonstration grants became available in July 1992. See Appendix B for a description of the Department of Labor's Defense Conversion Adjustment Program.

Perkins Act: The federal government provides states with matching funds for innovative start-up vocational programs. The funds are designed to encourage states to establish vocational programs. Once the program is running, the Perkins Act funds are phased out. Contact your state's department of education for more details.

JOBs: Job Opportunities Basic Opportunities (JOBs) is a federal program that funds projects that are targeted at helping welfare recipients find jobs. Contact your state's welfare department for details.

- Basic Ed: The federal Adult Basic Education Act is the primary funder of adult basic education initiatives nationally. The funds are funneled through your state's department of education.
- DoD: The Department of Defense (DoD) is currently forming a resume computer data bank that prospective employers can telephone to find workers with specific skills and experience. Civilian employers can also access the bank. Federal agencies will access this bank as openings occur.

ENDNOTES

- 1 *After the Cold War: Living with Lower Defense Spending*. Congress of the United States, Office of Technology Assessment. February 1992. Page 59.
- 2 Defense Budget Project, Washington, D.C. "Defense-Related Economic Adjustment and Federal Policy." February 1992.
- 3 "The Impact of Projected Department of Defense Budget Cuts on Workers and Communities" a paper presented to the Workshop on Defense Cutbacks and Job Training Needs by Mt. Auburn Associates, Sommerville, MA and Corporation for Enterprise Development, Washington, D.C. June 25, 1990.
- 4 *Ibid.*
- 5 Compiled from information in *Shutdown: A Guide for Communities Facing Plant Closings and Dislocated Workers: Coping with Competition and Conversion*. Both published by the Northeast-Midwest Institute, Washington, D.C.
- 6 Mt. Auburn and Corp. (see #3 above).

APPENDIX A

Surveys

Overview of Surveys

This appendix is designed to be used with Chapter 2, "Ready, Aim, Take Action." Many communities will satisfy their information needs by studying information already in existence. Other communities need to conduct original research. As described in Chapter 2, surveys are one way to conduct original research.

By conducting a survey, you can obtain statistics and information from a wide audience. Surveys have a broader reach than other research methods making local level, quantitative statistics possible. Interviews and focus groups are limited by the number of people who participate, whereas the universe tapped through surveys is much greater.

The size and scope of surveys can vary depending on available resources and objectives. If you are considering a survey as part of your assessment effort, the following section provides a process for developing and conducting a survey. It will show you how to:

- Build Partnerships;
- Target an Audience;
- Choose a Medium;
- Determine Questions; and
- Increase Participation.

The section closes with model surveys for:

- Industry, and
- Workers

Build Partnerships

Your community may not have enough resources to conduct an independent survey. Partnerships with other levels of government, community organizations or entities can effectively combine resources, making a survey possible. Many of the potential partners available to help conduct surveys include:

- County Government
- State Government
- Economic Development
- Corporations
- Local Firms
- Business Organizations
- Nonprofit Organizations
- Local Colleges or Universities
- Labor Unions

Each of these groups can help a survey effort in different ways. Labor unions and business organizations can provide valuable outreach to their members. State and county governments may be able to provide expertise and funding for the survey. For more information on these resources, see Appendix B.

Target an Audience

A target audience is the group you are surveying. Identify what data you need and from whom you can obtain it. This will give you your target audience. Start with a large set and narrow it into a highly focused, target audience. A limited audience will be easier to survey.

Industry surveys are common in assessment efforts. If a survey of all of local businesses is not possible, limit your audience to a certain group such as manufacturers, aerospace firms, military contractors, or a random sample¹ of all firms.

Workforce surveys also could be very useful. Focus your sample by surveying vulnerable workers such as laid off workers or defense dependent workers. If your target audience still is too large, use a random sample of that group.

Choose a Medium

Once a target audience has been identified, decide how you can best reach that audience. There are several ways to conduct a survey. Depending on your resources, information needs, and time requirements you may decide to use just one or a mix of mediums for your survey.

Written: A written survey can be delivered to a wide audience², completed, and returned. It is an easy way to get information from a large audience. By creating a standard form that people can complete themselves, you make the most of limited staff time.

Interview: Interviewing your sample set face to face will give you or your staff a chance to develop a dialogue with the target audience by discussing the issues and asking follow up questions. Face to face interviews can be time consuming and may be difficult for large sample sets.

Telephone: Phone surveys will allow you to get feed back in a short amount of time. Written surveys that take months for returns could be done in one night by a fully staffed polling firm. Trained phone pollers also can provide information about efforts and how they relate to the survey.

Determine Questions

There are several different types of questions commonly used on surveys. The following chart compares the features of the most common types of survey questions. Surveys can use a mix of different styles of questions and the styles can be tailored to any medium.

Essay: A question that requires a multiple-word response such as, "What is your company's philosophy toward diversification?"

Yes/No: A question requiring a yes or no answer such as, "Is your company considering defense diversification?"

Ranking: A question that requires the reader to choose from a scale of choices such as, "How far in the diversification process is your firm?"

a. not begun b. planning stage c. implementation d. already diversified

Multiple Choice: A question that requires a choice from the answers provided such as, "What type of adjustment strategies is your firm considering? (choose as many as apply)"

a. Downsizing b. Market retention c. Consumer marketing
d. New product development e. Non-defense federal contracts

Fill Blank: A question that requires a one word answer such as, "How successful were your company's attempts to diversify?"

Key:	# = No	• = To a degree	* = Yes		
	Can be Tabulated	Easily Answered	Gives Insight	Not Subjective	Easily Written
Essay	—	—	• ³	—	•
Yes/No	•	•	—	•	•
Ranking	—	—	—	—	•
Multiple Choice	•	•	—	• ⁴	—
Fill in Blank	—	—	—	• ³	—

Increase Participation

Several issues affect the support and participation your survey receives.

Confidentiality — Even with a respected sponsor, you must explain how the statistics will be kept confidential. Businesses or workers may avoid releasing sensitive information. By developing a reliable, overt method for keeping responses confidential, you can minimize uneasiness.

Local labor or trade associations — By helping out in variety of ways, associations can improve the effectiveness of your assessment. They can sponsor or endorse your survey. Organizations can also help conduct a survey. Associations also can ease anxiety about your survey.

Self-Benefit — These surveys are ultimately for the good of the local economy. Show the people you survey how the survey results will help them. Involvement ensures that their views are heard.

Share Results — You may want to ask people if they would like the results of the survey, or if they would like participate in a follow-up status/strategy meeting.

Timing — It may be useful to consider your survey from the audience's perspective. For instance, everyone has busy and slow times. Try to avoid peak times such as tax time and holidays.

Follow-up mailings — When conducting a written survey, a second mailing will help increase participation in two ways. First, it will remind people that they still have not completed the survey. Second, it will show that you are still interested in their responses.

Calls-backs — A very effective strategy for surveying people or businesses is to call them directly, however, this also is labor intensive. The best strategy may be a combination of surveys and calls.

Postage-Paid — Surveys should either be self mailers whose return postage is paid or a postage paid envelope should be included with the survey.

Sample Surveys

Business Survey: The following is a sample business survey⁵. This survey is an example of a mail survey for all businesses, but it could be tailored for defense contractors or subcontractors. This survey also can be conducted in an interview or over the phone.

Employee Survey: A model employee survey follows⁶. It should be completed by dislocated workers either at work (before they lose their jobs) or at a workshop (immediately after they lose their jobs). It can be tailored for mail, phone, or interview format.

SURVEY OF LOCAL BUSINESSES

Please complete this questionnaire and return it by folding it along the dotted line on the back of the final page and dropping it in a mail box. No postage is necessary.

Deadline

Please respond by _____.

Confidentiality

All responses will be kept strictly confidential and will not be publicly released. Your firm is identified by the code number in the upper right hand corner. The key to the code is accessible only by the project director and the city manager.

Objectives

- ◆ Identify the extent of our local economy's dependence on defense spending both directly and indirectly.
- ◆ Identify the vulnerability of local firms to defense cuts.
- ◆ Assess the ability of local firms to diversify their markets or products.
- ◆ Assist firms to increase profits and shift more resources into private market opportunities.

Instructions

- ◆ Answer all questions to the best of your ability.
- ◆ Answer only for local branch operations. Do not include sales or employment figures for branches or plants in other cities.
- ◆ If the recipient of this survey is not the appropriate person, please forward it to the correct person or department.

I. GENERAL BUSINESS QUESTIONS

1. What type of business is your firm engaged in? (mark as many as apply)

- | | |
|---|---|
| <input type="checkbox"/> manufacturing | <input type="checkbox"/> service |
| <input type="checkbox"/> distribution | <input type="checkbox"/> dealer |
| <input type="checkbox"/> research and development | <input type="checkbox"/> systems analysis |
| <input type="checkbox"/> food service | <input type="checkbox"/> construction |
| <input type="checkbox"/> other _____ | |

2. How many persons do you employ?

_____ Actual Number, or approximately:

___ More than 1000	___ 50 - 99
___ 500 - 1000	___ 25 - 49
___ 100 - 499	___ Less than 25

3. Approximately what percent of your workforce falls into the following occupational categories?

_____ % Executive or Managerial

_____ % Professional Staff (engineers, scientists, accountants, etc.)

_____ % Clerical (support staff, administration)

_____ % Skilled Craft or Trade Workers (certified or trained draftsmen, machine operators, electricians, etc.)

_____ % Unskilled Workers (assembly, production, drivers, etc.)

_____ 100% - Total

4. What is your annual sales volume?

_____ Actual Gross Sales, or approximately:

___ Over \$100 million	___ \$1 to \$10 million
___ \$50 to \$100 million	___ \$500,000 to \$1 million
___ \$10 to 50 million	___ Less than \$500,000

5. How many clients do you have? (How many companies do you sell to)?

___ One ___ 2 - 50 ___ More than 50

6. How many clients (companies) account for more than 75% of your sales?

___ One ___ 2 - 50 ___ More than 50

7. Is this a headquarters, only location, or a branch?

___ Headquarters ___ Only location

___ Branch

7.1 If a branch where is the headquarters?

city _____

state _____

8. How has your company changed over the last 5 years in terms of: (check one response in each row)

	Increased	Same	Decreased
Number of employees	_____	_____	_____
Gross sales	_____	_____	_____
Number of clients	_____	_____	_____

9. Approximately, what percent of your total annual sales are in the following categories each year?

	1985	1991	1995 (projected)
U.S. Defense	_____ %	_____ %	_____ %
Other Federal Gov.	_____ %	_____ %	_____ %
Private Sales	_____ %	_____ %	_____ %
Total	100%	100%	100%

10. What is the primary cause for changes in sales?

- | | |
|------------------------------------|--------------------------------|
| ___ growth into new markets | ___ loss of old markets |
| ___ change in corporate philosophy | ___ anticipated market decline |
| ___ Other _____ | ___ growth in old market |

11. Which of the following best characterizes how your firm would be affected by substantial decreases in U.S. Defense spending?

- ___ There will be a **Severe** impact on this firm's ability to stay in business.
- ___ The impact will be **Major** but we are confident about future solvency.
- ___ There will be a **Moderate** impact which we are prepared to deal with.
- ___ The impact will be **Minor** with very little affect on our ability to remain in business.
- ___ We anticipate **NO** Noticeable Impact on our level of business.

14. Please rate the labor market in your community.

- ☐ Very difficult to find skilled workers
- ☐ Somewhat difficult to obtain skilled workers
- ☐ Relatively easy to find skilled workers
- ☐ There is an abundance of skilled workers

15. In your estimation, how much difficulty would your workers have finding new, local employment if laid off?

- ☐ All workers could easily find employment
- ☐ Most would find acceptable employment
- ☐ Some could find acceptable employment without relocating
- ☐ All workers would have difficulty finding jobs locally

II. DEFENSE-RELATED QUESTIONS

16. What branch of the Department of Defense do you supply?(mark as many as applicable)

- | | |
|---|------------------------------------|
| <input type="checkbox"/> Navy | <input type="checkbox"/> Air Force |
| <input type="checkbox"/> Army | <input type="checkbox"/> Marines |
| <input type="checkbox"/> Other (please specify) _____ | |

17. Approximately, what percent of your Defense sales are as a prime contractor, and what percentage are subcontracts?

_____ % Prime _____ % Subcontract

18. Approximately, what percentage of your Defense dollar volume do you pass through to subcontracts? (include any out-sourcing as a subcontractor)

_____ %

19. Approximately, what percent of your firm's profits can you attribute to Defense contracts and subcontracts?

- | | |
|---|---------------------------------|
| <input type="checkbox"/> a loss | <input type="checkbox"/> 0-10% |
| <input type="checkbox"/> 11-25% | <input type="checkbox"/> 26-50% |
| <input type="checkbox"/> between 50% & 100% | <input type="checkbox"/> 100% |

20. What is the average length of your Defense contracts and subcontracts?

- | | |
|---|--|
| <input type="checkbox"/> 1 year or less | <input type="checkbox"/> 1-2 years |
| <input type="checkbox"/> 2-5 years | <input type="checkbox"/> more than 5 years |
| <input type="checkbox"/> Other _____ | |

21. What strategies will your firm use to adjust to decreases in defense related sales?

- | | |
|--|---|
| <input type="checkbox"/> Cut personnel | <input type="checkbox"/> Relocate firm |
| <input type="checkbox"/> Diversify marketing | <input type="checkbox"/> Develop new products |

III. DIVERSIFICATION QUESTIONS

22. In your opinion, how competitive is your firm the following markets

	Highly	Somewhat	Not Very	Not at all
Defense:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Consumer:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
International:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

23. For your products, what trends do you anticipate in the following markets?

	Growth	Stable	Declining	N/A
Defense:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Consumer:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
International:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

24. Which of the following factors hinder your firms ability to develop new products or markets? (mark as many as apply)

- | | |
|--|--|
| <input type="checkbox"/> Incompatible equipment | <input type="checkbox"/> Lack of skilled workers |
| <input type="checkbox"/> Lack of marketing expertise | <input type="checkbox"/> Financing constraints |
| <input type="checkbox"/> Government Regulations | <input type="checkbox"/> Feasibility constraints |
| <input type="checkbox"/> Other _____ | |

25. How many patents do you currently hold on products now produced, or on products capable of being commercialized in the future?

26. How does your firm conduct product and market research? (mark as many a apply)

<input type="checkbox"/> internal	<input type="checkbox"/> manufacturing network
<input type="checkbox"/> university partnerships	<input type="checkbox"/> federal programs
<input type="checkbox"/> state technology assistance	<input type="checkbox"/> private consultants
<input type="checkbox"/> other _____	

27. Has your firm ever used government adjustment or diversification assistance?

Federal (list programs) _____

State (list programs) _____

Local (list programs) _____

Private (list organization/program) _____

28. How familiar are you with the city, state, federal adjustment and diversification services provided to industry?

<input type="checkbox"/> Very familiar	<input type="checkbox"/> Generally familiar
<input type="checkbox"/> Somewhat familiar	<input type="checkbox"/> Not familiar at all

29. How can the state or local government assist in economic adjustment? Check one response for each type of assistance.

<i>Type of Assistance:</i>	Useful	Very Useful	Limited Usefulness	No Use
Tech Transfer Assistance	___	___	___	___
International Market Expansion	___	___	___	___
Tax Breaks	___	___	___	___
Informational Resources	___	___	___	___
Referral Services	___	___	___	___
Better Access to Financing	___	___	___	___
Employee Training	___	___	___	___
Networking Assistance	___	___	___	___
Other (please list) _____	___	___	___	___

30. Would you like to be sent a summary of this survey's results?

___ Yes

___ No

If you have any questions regarding this survey please call: (contact name and phone number)

THANK YOU VERY MUCH FOR YOUR COOPERATION!

Please respond by (date).

* Fold this questionnaire on the line and drop it in the mail. No postage is necessary.

SURVEY OF WORKERS

This survey is designed to provide a program to meet your employment needs and concerns. Completion of this survey is greatly appreciated but not required. *This information will be kept confidential.*

1. Name _____ Date _____

Address _____

City _____ State _____ Zip _____

2. **Work Experience:**

Current Employer _____

Title _____

Approximate Date Hired _____

Present Wage _____

Previous Jobs: 1. _____

(Title/Firm/Location) 2. _____

3. _____

3. **Education:**

Primary(circle last year completed) 6 7 8 9 10 11 12

College(circle degree) 1-4 years B.S. B.A. M.A. P.H.D.

Did you attend a technical or vocational school? ___ yes ___ no

School and course of study _____

4. **Concerns:** I have concerns and would like more information about: (Check as many as apply)

___ Marketing my skills

___ Continuing education

___ Health care

___ Emotional adjustment

___ Financial planning

___ Social services

___ Alcohol/drug counseling

___ Unemployment benefits

___ Child care

___ Disability

___ Other _____

5. Future Plans: (Check one)

- | | |
|---|--|
| <input type="checkbox"/> Have new job already | <input type="checkbox"/> Begin/continue job search |
| <input type="checkbox"/> Enroll in school | <input type="checkbox"/> Seek retraining |
| <input type="checkbox"/> Start own business | <input type="checkbox"/> Retire |
| <input type="checkbox"/> Relocate | <input type="checkbox"/> Unsure |
| <input type="checkbox"/> Other _____ | |

6. Job Search Assistance: I would use access to or assistance in: (Check as many as apply)

- | | |
|--|---|
| <input type="checkbox"/> Job lead contacts | <input type="checkbox"/> Resume writing |
| <input type="checkbox"/> Interviewing skills | <input type="checkbox"/> Interest/aptitude tests |
| <input type="checkbox"/> Job search strategies | <input type="checkbox"/> Computers, typewriters, phones |

7. Training: I would like information on:

- | | |
|--|---|
| <input type="checkbox"/> On-the-job training | <input type="checkbox"/> Basic skills training |
| <input type="checkbox"/> Vocational training | <input type="checkbox"/> Entrepreneurial training |
| <input type="checkbox"/> Community colleges | <input type="checkbox"/> Peer Counseling |

8. Additional comments:

Thank you for your cooperation. Please place your completed survey in the box located at the door on your way out.

ENDNOTES

- ¹ Definition: statistically, pertaining to, or characterizing a set of items every member of which has an equal chance of occurring or of occurring with a particular frequency.
- ² The universe is the group the survey is targeted for.
- ³ This question can allow for insight only if the person provides insight in the answer. Many people write only a word or two.
- ⁴ A subjective question can be asked that lowers the objectivity of this type of question.
- ⁵ The business survey was patterned around the following actual surveys **Survey of Defense-Related Firms in the St. Louis Metropolitan Area, the State of Ohio's Survey of Manufacturers, the Maryland Small Business Development Center's and Department of Economic & Employment Development's Joint Survey of Small and Medium Defense Contractors and Subcontractors, and Florida High Technology and Industry Council's Survey of Florida Defense Contractors**
- ⁶ The employee survey was adapted from the following sources: the **Chicago and Northwestern System Federation Dislocation Survey, the St. Louis Survey of Workers Laid Off by McDonnell Douglas, the Employee Needs Survey as a Result of Eastern Shutdown, and the Survey of Black Hills Packing Co. and Trucking Co.**

APPENDIX B

Organizational Resources

This appendix is a comprehensive, annotated resource guide for local officials interested in pursuing the adjustment strategies described in this guidebook. The resources are broken down into:

- Figure B-1 — Federal Resources for Economic Adjustment
- Figure B-2 — State Resources
- Figure B-3 — State Resources: Export Assistance
- Federal Contacts, National Organizations, and State and Local Resources (by region)

FIGURE B-1 — Federal Resources for Defense Economic Adjustment¹

Agency	Program Title	Type of Assistance	Funding [m = million]	Eligibility Requirements	Contact
Dept. of Defense Office of Economic Adjustment (OEA)	Community Economic Adjustment and Military Base Reuse Studies & Community Planning Assistance	Assists and supports communities to develop strategies to adjust local negative impacts caused by DoD program changes	Financial Aid ranges from \$50,000 to \$200,000 Average Aid: \$100,000	Local, regional and state entities	Economic Adjustment OASD Pentagon, Room 4c747 Washington, DC 20301 (703) 697-9155
	Title IX: Sudden & Severe Economic Dislocation Program (SSED)	Develop and/or implement strategies through grants to communities to address problems resulting from economic dislocation and deterioration	Average Strategy Grant Award: \$30,000 Average Implementation Award: \$700,000	Communities suffering from local business or other dislocations occurring within the preceding 12 months or expected within two years	EDA DoC 14th & Constitution Ave., NW Washington, DC 20230 (202) 482-2659
Dept. of Commerce Economic Development Administration (EDA)	Title IX: Long Term Economic Deterioration (LTED/RLF)	Grants to communities to establish or expand business Revolving Loan Funds (RLF) in depressed areas	FY92 Funds: \$11.5 m Average Grant: \$415,000	Local in areas experiencing high unemployment, low per capita income & chronic distress	
	Regional Centers for the Transfer of Manufacturing Technology	Project grants to accelerate transference of advanced manufacturing technology to small- & medium-sized U.S. manufacturing firms through Regional Centers	Est. FY92 Budget: \$18 m Est. FY93 Budget: \$17 m Grants awarded per Center per year: \$1.5 - 3.0 m	U.S.-Based Non-Profit Organizations	NIST MTC Program, Room B212 Chemistry Bldg. Gaithersburg, MD 20899 (301) 975-3413
Dept. of Commerce National Institute for Standards and Technology (NIST)	Advanced Technology Program	Project grants to assist U.S. businesses to commercialize new technology & refine manufacturing techniques	Est. FY92 Budget: \$82.2 m Est. FY93 Budget: \$63.7 m Average Grant: \$4.4 m	U.S. businesses, U.S. joint research & development ventures & U.S. independent research organizations	Advanced Technology Program NIST Gaithersburg, MD 20899 (301) 975-5187

¹ Source: Catalog of Federal Domestic Assistance, Government Printing Office, Washington, DC.

FIGURE B-1, continued

Agency	Program Title	Type of Assistance	Funding [m = million]	Eligibility Requirements	Contact
Dept. of Commerce NIST	State Technology Extension Program (STEP)	Project grants, dissemination of technical information, training programs for small- to medium-sized businesses	Est. FY92 Budget: \$950,000 Grant Range: \$50,000 - \$300,000	State Technology Extension Services Programs	STEP Technology Services NTIS Gaithersburg, MD 20899 (301) 975-4520
Dept. of Commerce International Trade Administration (ITA)	Export Promotion Services and Trade Development	Advisory services & counseling; assists private enterprise identify and service foreign markets	Export & Promot. (EPS) FY92 Budget: \$116 m Est. FY93 Budget: \$116 m Trade Development (TD) Est. FY92: \$53 m Est. FY93: \$39 m	Any U.S. citizen, firm, organization or branch of government needing information or assistance in international business matters	ITA Dept. of Commerce 14th & Constitution Ave., NW Washington, DC 20230 (202) 482-5777
Dept. of Commerce Trade Promotion Coordinating Committee (TPCC)	Trade Information Center	Clearinghouse for information on all Federal Government Export Assistance Programs	n/a	Any user eligible	Trade Information Center 1-800-872-8723
Dept. of Labor Employment & Training Administration (ETA)	Title III: Employment & Training Assistance—Dislocated Workers	Formula and project grants to assist dislocated workers obtain training and employment services through State & Local programs	Program year 92 Grants: \$540.2 m Est. PY93 Budget: \$571.1 m	States & others as authorized by Job Training Partnership Act of 1982, Title III	ETA DOL 200 Constitution Ave., NW Washington, DC 20210 (202) 535-0577

FIGURE B-1, continued

Agency	Program Title	Type of Assistance	Funding [m = million]	Eligibility Requirements	Contact
Small Business Adminis- tration (SBA)	Business Development Assistance to Small Businesses	Advisory services & counseling, dissemination of tech. info., training	Est. FY92 Budget: \$30.8 m Est. FY93 Budget: \$26.4 m	Existing & potential small business persons & some community group members	Asst. Admin. for Business Initiatives Education & Training SBA 409 3rd St., SW Washington, DC 20416 (202) 205-6665
	Small Business Loans 7(a) & 7(a)(11)	Guaranteed/insured loans, Direct loans, advisory services & counseling	7(a) Avg. Loan: \$192,000 7(a)(11) Avg. Loan: \$68,000	Small, independently owned & operated businesses; located in low income areas for 7(a)(11)	Loan Policy & Procedures SBA (202) 205-6570
	Procurement Assistance to Small Businesses	Special services to assist small businesses obtain "fair" share of federal supplies, services & property sold	Est. FY92 Budget: \$18.6 m Est. FY93 Budget: \$19.2 m	Existing and potential small U.S. businesses	Associate Admin. for Procurement Assistance SBA (202) 205-6460
	Small Business Investment Companies (SBIC, SSBICC)	Direct & Guaranteed loans, advisory services to establish private investment companies, provide equity capital & advise small businesses	Range of Aid: \$50,000 to \$35 m Avg. Loan: \$1 m	Any chartered small business investment company meeting SBA requirements	Director, Off. of Operations, Investment Division SBA (202) 205-6510
	Small Business Development Centers (SBDC)	Project grants, provision of specialized services, advisory services, dissemination of technical information	Grant Range: \$200,000 - \$3 m Average Grant: \$972,000	Any public or private institutions of higher education & renewal of funding to entities currently funded as SBDC's	SBA Office of SBDC 409 3rd St., SW Washington, DC 20416 (202) 205-6766

FIGURE B-1, continued

Agency	Program Title	Type of Assistance	Funding [m = million]	Eligibility Requirements	Contact
Small Business Administration (SBA)	SBIR Program Assistance	SBA answers solicitations from public about 11 federal agencies who have SBIR programs (i.e., DoD, DoA, etc.), prepares strategies for procurement	n/a	Open to Public	Coordinator's Office SBA (202) 205-6450
Dept. of Housing and Urban Development Community Planning and Development (CPD)	Community Development Block Grant Program (Entitlement, Small Cities Programs & Special Project)	Funds for supporting community development, including administrative & construction costs of individual projects & overall programs	Determined by formula and competitive application Avg. Aid: \$350,000 - \$550,000	Urban municipalities, counties & non-metropolitan municipalities and counties and public agencies	State & Small Cities Division Off. of Block Grants Assistance, CPD HUD 451 7th St., SW Washington, DC 20410 (202) 708-1322

FIGURE B-2 — State Resources¹

	Industrial Extension Programs ²	Customized Training Programs ³	Workplace Literacy Programs ⁴	DoD Procurement Assistance Centers ⁵	Small Business Dev't ⁶	State Quality Award ⁷
AL	Alabama Productivity Center Industrial Modernization Program	Alabama Industrial Development Training Program/Training for Business Program		University of Alabama at Birmingham	14	U.S. Senate Productivity Award
AK		State Training and Employment Program Business Incentive Program		University of Alaska — Anchorage	2	
AR	Center for Technology Transfer	Arkansas Industry Training Program	Workplace Initiative for Skills Education	Southern Arkansas University	5	
AZ				Arizona Procurement Technical Assistance Network National Center for American Indian Enterprise Development	3	

¹ **Source:** *Defense Adjustment and Conversion: Matrix of State Business and Worker Adjustment Programs*, National Governors' Association, July 1992.

² **Source:** *Increasing the Competitiveness of America's Manufacturers: A Review of State Industrial Extension Programs*, National Governors' Association, 1991.

³ **Source:** *States-Financed, Customized Training Programs: A Comparative State Survey*, Craticos, et. al., Center for Governmental Studies, Northern Illinois University, 1990.

⁴ **Source:** *National Governors' Association Survey of State Literacy Initiatives*, 1990.

⁵ **Source:** *DoD Procurement Technical Assistance Cooperative Agreement Program, Fiscal Year 1991 Recipient List*.

⁶ **Source:** *The States and Small Business: A Directory of Programs and Activities*, SBA: Office of Advocacy, 1989.

⁷ **Source:** *National Governors' Association*.

FIGURE B-2, continued

CA	Industrial Extension Programs	Customized Training Programs	Workplace Literacy Programs	DoD Procurement Assistance Centers	Small Business Dev't	State Quality Award
		Employment Training Panel	California Workforce Literacy Task Force	Procurement Assistance Center m/s 31 Private Industry Council of Imperial County, Inc. Tulare County Economic Development Corporation		effort underway
CO		Colorado First Customized Training Program Colorado Existing Industry Training		University of Colorado BAC	10	effort underway
CT	Technology Assistance Center	Customized Job Training			6	
DE		Delaware Development Office — Education, Training and Recruitment Section			1	Delaware Quality Award
FL		Industry Services Training Program		University of West Florida	20	
GA	Industrial Extension Service	Georgia Quick Start	Georgia Workplace Education Program	Columbus College Georgia Institute of Technology	14	effort underway
HI		Aloha State Specialized Employment and Training Program	Business/Labor Literacy Partnership	State of Hawaii Department of Business Development		effort underway
ID		Short-Term Vocational Training	Idaho Partnership for Workplace Literacy	Idaho Department of Commerce	6	

FIGURE B-2, continued

	Industrial Extension Programs	Customized Training Programs	Workplace Literacy Programs	DoD Procurement Assistance Centers	Small Business Dev't	State Quality Award
IL	Center for Advanced Manufacturing and Production	Prairie State 2000 Authority Employer Training Assistant Program Illinois Industrial Training Program	State Board of Education, Workforce Literacy Programs Office of the Secretary, Workplace Literacy Grants Programs	Illinois Department of Commerce and Community Affairs	19	
IN	Technical Assistance Program Manufacturing Technology Service	Training for Profit Program Basic Industry Retraining Program Indiana Strategic Development Fund	Office of Workforce Literacy Programs	Indiana Institute for New Business Ventures	12	
IA	Center for Industrial Research and Service	Iowa Industrial New Jobs Training Program Iowa Small Business Training Program Iowa Industrial Retraining Program		Iowa Department of Development	12	effort underway
KS	Center for Technology Transfer Mid-America Manufacturing Technology Center Industrial Liaison Program	Kansas Industrial Training Program Kansas Industrial Retraining Program			20	
KY	GRADD/Industrial Extension Engineer Program Center for Robotics and Manufacturing Systems Technical Assistance Program	Bluegrass State Skills Corporation	Cabinet on Workforce Development Programs	Kentucky Cabinet for Economic Development	15	effort underway

FIGURE B-2, continued

	Industrial Extension Programs	Customized Training Programs	Workplace Literacy Programs	DoD Procurement Assistance Centers	Small Business Dev't	State Quality Award
LA		Quickstart Industrial Training Louisiana Industrial Training Program		Jefferson Parish Economic Development Commission (LA) Louisiana Productivity Center/USL Northwest Louisiana Government Procurement Center	15	U.S. Senate Productivity Award
ME	Center for Technology Transfer	Job Development Training Account		Eastern Maine Development Corporation	8	Margaret Chase Smith Quality Award
MD	Technology Extension Service	Maryland Industrial Training Program		Morgan State University		U.S. Senate Productivity Award
MA	Center for Applied Technology Industrial Services Program	Bay State Skills Corporation Industry Responsive Programs	Massachusetts Workplace Education Initiative		6	Massachusetts Quality Award
MI	Modernization Service Midwest Manufacturing Technology Center Technology Transfer Network	Michigan Business and Industrial Training Program Michigan Training Incentive Fund Michigan Job Opportunity Bank	Employability Skills Project and Human Investment Fund	Genesee County Metropolitan Planning Commission Jackson Alliance for Business Development Kalamazoo County CGA Downriver Community Conference Northwest Michigan Council of Governments Saginaw County Schoolcraft College Thumb Area Consortium/Growth Alliance [continued]	28	effort underway

FIGURE B-2, continued

	Industrial Extension Programs	Customized Training Programs	Workplace Literacy Programs	DoD Procurement Assistance Centers	Small Business Dev't	State Quality Award
MI [con'd]				Warren, Center Line, Sterling Heights Chamber of Commerce Wayne State University West Center Michigan Employment and Training Consortium		
MN	Minnesota Project Outreach Minnesota Technology, Inc.	Customized Training Service Minnesota Jobs Skills Partnership	"Directions" Workplace Literacy Partnership	Minnesota Project Innovation	33	Minnesota Quality Award
MS		Mississippi Industrial Training Program	Basic Skills Tax Credit Commission on Workforce Excellence	Mississippi Contract Procurement Center	8	
MO	Center for Technology Transfer and Economic Development	Missouri Customized Training Program			14	effort underway
MT	University Technical Assistance Program			Fort Belknap Indian Community State of Montana Department of Commerce	2	
NB	Technical Assistance Center	Skill Training Employment Program		Department of Economic Development, Existing Business Assistance Division	8	
NV		Quick Start Job Training Program		State of Nevada Commission on Economic Development	3	U.S. Senate Productivity Award
NH					4	

FIGURE B-2, continued

Industrial Extension Programs	Customized Training Programs	Workplace Literacy Programs	DoD Procurement Assistance Centers	Small Business Dev't	State Quality Award
NJ Technology Extension Center in Information Systems Center for Manufacturing Fisheries and Aquaculture Technology Extension Center Polymer Extension Center Caulfield Center for Investigational Cancer Treatment	New Jersey State Customized Training Program		Elizabeth Development Corporation of New Jersey New Jersey Institute of Technology	5	effort underway
NM	Industrial Development Training Program		State of New Mexico Procurement Assistance Program		early planning stages U.S. Senate Productivity Award
NY Northeast Manufacturing Technology Center Industrial Technology Extension Service Program Industrial Effectiveness Program	New York State Contract Course Fund Employer Specific Training Program Economic Development Skills Training Program	Bureau of Workforce and Economic Development	Cattaraugus County Long Island Development Corporation New York City Office of Business Development New York State Department of Economic Development Division of Small Business Rockland Economic Development Corporation South Bronx Overall Economic Development Corporation	19	Excelsior Award

FIGURE B-2, continued

	Industrial Extension Programs	Customized Training Programs	Workplace Literacy Programs	DoD Procurement Assistance Centers ⁴	Small Business Dev't	State Quality Award
NC	Science and Technology Research Center Industrial Extension Service	Business and Industry Services	Dept. of Community Colleges Workplace Literacy Programs	NC Small Business and Technology Development Center	6	North Carolina Quality Leadership Award
ND	Center for Innovation and Business Development				5	
OK	Rural Enterprises	Training for Industry Program		Oklahoma Department of VocTech Education Tribal Government Institute	9	
OH	Technology Transfer Organization Institute of Advanced Manufacturing Science Great Lakes Manufacturing Technology Center	Ohio Industrial Training Program		Buckeye Hills-Hocking Valley Central State University Columbus Area Chamber of Commerce Government Marketing Assistance Program Community Improvement Corporation of Lake County Greater Cleveland Government Business Program Lawrence Economic Development Corporation Mahoning Valley Economic Development Corporation Terra Technical College University of Cincinnati	18	

FIGURE B-2, continued

	Industrial Extension Programs	Customized Training Programs	Workplace Literacy Programs	DoD Procurement Assistance Centers	Small Business Dev't	State Quality Award
OR		Targeted Training Program		Economic Development Department	21	effort underway
PA	Delaware Valley Industrial Resource Center Manufacturing Services Extension Center Manufacturing Technology Industrial Resource Center Bioprocessing Resource Center Southwestern Pennsylvania IRC Industrial Modernization Center Northeast Pennsylvania IRC Northwest Pennsylvania IRC Technical Assistance Program	Customized Job Training Program		Economic Development Council of Northwestern Pennsylvania Indiana University of Pennsylvania Johnstown Area Regional Industries Northern Tier Regional Planning and Development Commission Private Industry Council of Westmoreland/Fayette, Inc. SEDA — Council of Governments Southern Allegheny Planning and Development Commission University of Pennsylvania Northwest Pennsylvania Regional Planning and Development	13	effort underway
RI		Workforce 2000	Workplace Adult Education Project	Department of Economic Development	4	
SC	Southeast Manufacturing Technology Center	Governor's Initiative for Work Force Excellence Special Schools Program	Governor's Initiative for Work Force Excellence	University of South Carolina	11	effort underway

FIGURE B-2, continued

	Industrial Extension Programs	Customized Training Programs	Workplace Literacy Programs	DoD Procurement Assistance Centers	Small Business Dev't	State Quality Award
SD				South Dakota Procurement Technical Assistance Center	4	
TN	Center for Industrial Services	Industrial Training Service		Center for Industrial Services	12	effort underway
TX	Technology Business Development — Technical Assistance	Work Force Incentive Program		City of San Antonio Procurement Outreach Center Northeast Texas Community College Panhandle Regional Planning Commission Texas Information Procurement Service University of Texas at Arlington	26	effort underway
UT		Utah Custom Training for Economic Growth		Utah Department of Community and Economic Development	6	
VT		Vermont Training Program		State of Vermont	6	
VA	Technology Transfer Program Manufacturing Action Program	Industrial Training Program	Virginia Literacy Initiative Programs	Crater Planning District Commission George Mason University Entrepreneurship Center Southwest Virginia Comm. College		U.S. Senate Productivity Award
WA		Job Skills Program		Economic Development Council of Snohomis County South Puget Intertribal Planning Agency Spokane Area Economic Development Council	12	

FIGURE B-2, continued

	Industrial Extension Programs	Customized Training Programs	Workplace Literacy Programs	DoD Procurement Assistance Centers	Small Business Dev't	State Quality Award
WV	Center for Education and Research with Industry	New and Expanding Industry Training Program		Mid-Ohio Valley Regional Council Regional Contracting Assistance Center	11	effort underway
WI		Customized Labor Training Fund	Workplace Literacy Initiative	Aspin Procurement Institute, Inc. Madison Area Technical College	2	
WY					7	Governor's Quality Award U.S. Senate Productivity Award

FIGURE B-3 — State Resources: Export Assistance¹

	In-house Counseling	Trade Lead Program	Matchmaker Program	Trade Dev't Training	Financing Assistance
AL	X	X		X	
AK	X	X		X	
AR	X	X	X		X
AZ	X	X	X	X	
CA	X	X	X	X	X
CO	X	X	X	X	
CT	X	X	X		
DE	X	X		X	
FL	X	X	X	X	X
GA	X	X	X	X	
HI	X	X	X	X	
ID	X	X	X	X	
IL	X	X	X	X	X
IN	X	X	X	X	X
IA	X	X		X	
KS	X	X	X		X
KY	X	X	X	X	
LA	X	X	X	X	
ME	X	X		X	
MD	X			X	X
MA	X		X		
MI	X	X		X	X
MN	X	X	X	X	X
MS	X	X		X	
MO	X	X	X	X	

¹Source: National Association of State Development Agencies, Washington, DC.

FIGURE B-3, continued

	In-house Counseling	Trade Lead Program	Matchmaker Program	Trade Dev't Training	Financing Assistance
MT	X	X		X	
NB	X	X		X	
NV	X	X	X		
NH	X	X		X	
NJ	X	X	X	X	X
NM	X	X		X	
NY	X	X	X	X	
NC	X	X	X	X	
ND	X	X	X		
OK	X	X	X	X	X
OH	X	X	X	X	
OR	X	X	X	X	
PA	X	X		X	
RI	X	X			
SC	X	X	X	X	X
SD	X	X	X	X	
TN	X	X	X	X	
TX	X	X	X	X	
UT	X	X		X	
VT	X	X	X	X	
VA	X	X	X	X	
WA	X	X		X	X
WV	X	X		X	X
WI	X	X		X	
WY	X	X		X	

Federal Contacts, National Organizations and State and Local Resources

Federal Contacts

Congressional Budget Office
U.S. Congress
House Annex II
Washington, DC 20515
202/226-2809

The office that reports on the impact different defense budget cut scenarios will have on individual sectors of the economy.

Department of Defense
Office of Economic Adjustment
400 Army Navy Drive
Suite 200
Arlington, VA 22202
703/697-9155

The Office of Economic Adjustment (OEA), through the President's Economic Adjustment Committee (EAC), is responsible for coordinating responses to reductions in defense spending, industry changes and base closures. Currently, the OEA provides assistance to communities in the form of both planning grants-in-aid and technical assistance. OEA grants range from \$50,000 to \$200,000, with an average of \$100,000.

OEA provides technical assistance via its professional staff resources, and helps coordinate the efforts and resources of other federal agencies including the Departments of Labor and Commerce, the Small Business Administration and other relevant agencies.

Office of Technology Assessment
U.S. Congress
Washington, DC 20510-8025
202/228-6340

OTA helps legislative policymakers anticipate and plan for the consequences of technological changes and to examine the many ways, expected and unexpected, in which technology affects people's lives. OTA provides the U.S. Congress with independent and timely information about the potential

effects — both beneficial and harmful — of technology applications. *After the Cold War* is a comprehensive analysis of federal, state and local government policy perspectives in the wake of reduced defense spending. A study on specific industry adjustment strategies is anticipated in the near future.

U.S. Department of Commerce
Economic Development Administration
Office of Economic Adjustment
Room 7327
Washington, DC 20230
202/482-2659

Contact EDA to inquire about funds under the Sudden and Severe Economic Dislocation Program (Title IX) designed to assist areas experiencing long-term economic deterioration and areas threatened or impacted by sudden and severe economic dislocation. The SSED Program provides grants to develop and implement adjustment strategies. Over the last several years, planning grants have averaged \$65,000, with a potential range of \$25,000 to \$200,000. Implementation grants have averaged \$630,000, with a potential range of \$25,000 to \$2 million. A 25 percent local match, either cash, in-kind, or both, is required.

EDA was appropriated \$50 million in FY 1992 to assist communities affected by reductions in defense spending.

Contact the International Trade Administration about trade leads, market information and the location of the closest District Office. Call 1-800-USA-TRADE.

U.S. Department of Labor
Office of Worker Retraining and Adjustment
Room C-4305
200 Constitution Ave., NW
Washington, DC 20210
202/535-0577

Contact the Department of Labor if you are interested in any of the three major dislocated worker

programs it administers: Unemployment Insurance, Economic Dislocation and Worker Adjustment Assistance (EDWAA), including \$150 million appropriated for grants for defense impacted workers, and the Trade Adjustment Assistance Program.

U.S. Small Business Administration
409 3rd Street, S.W.
Washington, DC 20416
1/800/827-5722

The Small Business Administration offers a variety of technical assistance and loan programs for U.S. small businesses. Programs include business development assistance, procurement assistance, small business innovation research and small business loans.

National Organizations

Business Executives for National Security
601 Pennsylvania, NW
Suite 700
Washington, DC 20004-2602
202/737-1090

BENS is a national, nonpartisan trade association that attempts to: build awareness that a vibrant economy is the foundation for real national security; improve the management of our nation's defense; and develop practical steps to prevent the use of nuclear weapons.

Center for Economic Conversion
222 View Street
Mountain View, CA 94041
415/968-8798

CEC is a nonprofit public benefit corporation dedicated to building a sustainable peace-oriented economy. CEC provides ongoing start-up conversion assistance to communities and produces two quarterly publications: Conversion Organizers Update, an activists update, and Positive Alternatives, a conversion policy journal.

Center for Policy Alternatives
1875 Connecticut Ave., NW
Suite 710
Washington, DC 20009
202/387-6030

CPA is a nonprofit center for progressive policy for state and local government. CPA surveys state legislatures for conversion, diversification, and adjustment activities and publishes periodic state reports on economic initiatives.

Defense Budget Project
777 North Capitol Street, N.W.
Suite 710
Washington, DC 20002
202/408-1517

DBP is a nonprofit research and analysis organization for the purpose of examining national security policies and defense spending issues. DBP publishes a number of useful documents and statistics on defense spending projections, impact of downsizing, and current federal adjustment legislation.

Federation for Industrial Retention and Renewal
3411 West Diversey Ave.,
Suite 10
Chicago, IL 60647
312/252-7676

FIRR is a membership association of community activist groups many of which work on defense issues. FIRR produces a bi-yearly newsletter to promote the accomplishments and activities of FIRR's members.

Human Resources Development Institute
AFL-CIO Headquarters Building
815 16th Street, NW
Washington, DC 20006
202/637-5189

HRDI is the employment and training arm of the AFL-CIO. HRDI offers technical services and operates special programs to help labor respond to the needs of the unemployed. Contact HRDI to identify the local chapters of the AFL-CIO and for assistance in approaching them.

Main Street Center
National Trust for Historic Preservation
1785 Massachusetts Avenue, NW
Washington, DC 20036
202/673-4000

Main Street provides technical assistance, organizational consulting services, and resource teams to their 31 state affiliates. Individual communities can apply for free assistance through their state affiliate or contract directly with National Main Street for assistance.

National Commission on Economic Conversion
and Disarmament
1801 18th Street, NW
Suite 9
Washington, DC 20009
202/462-0091

ECD is a nonpartisan, nonprofit association that conducts research, educates the public, and publishes a bulletin, *The New Economy*, on the issue of conversion and disarmament.

National Governors' Association
Center for Policy Research
Hall of States
444 North Capitol Street, N.W.
Washington, DC 20001-1572
202/624-5300

NGA is a membership organization of America's governors. In 1990 NGA's Center for Policy Research undertook a project to look at state policy and program options for easing the transition for defense contractors and subcontractors from defense markets into civilian markets. NGA published a *Governor's Guide to Economic Conversion* in the Fall of 1992.

National Technology Transfer Center
316 Washington Avenue
Wheeling, WV 26003
304/243-2455

NTTC is the national information clearinghouse for companies seeking to use government-developed technologies. NTTC also operates a national training center in technology transfer.

Northeast-Midwest Institute
218 D Street, SE
Washington, DC 20003
202/544-5200

The NE-MW Institute is a non-profit research and public education organization dedicated to the long-term economic vitality of the region. It conducts research, develops public policies, provides technical assistance, sponsors regional conferences, and distributes publications.

State & Local Resources

The following is a compilation of some state and local resources for economic adjustment. While this list is not exhaustive, it does include many of the state, regional and local contacts that can be of assistance. It is organized by geographic region.

Northeast Region

Regional Technical Transfer Center
Center for Technology Commercialization
Massachusetts Technology Park
100 North Drive
Westborough, MA 01581
508/870-0042

Contact the RTTC for information regarding using, transferring, or commercializing NASA's technology.

Regional FLC Coordinator
DOT-Federal Aviation Administration
Technical Center
Attn: ACL-1, Atlantic City International Airport
Atlantic City, NJ 08405
609/484-6689

Contact the regional coordinator of the Federal Laboratory Consortium for information regarding the federal technology, small business workshops, and the FLC Locator.

Northeast Manufacturing Technology Center
Rensselaer Polytechnic Institute
CII 9009
Troy, NY 12180
518/276-6682

The center acts as a clearinghouse for New York, Massachusetts, and Maine state and university technology transfer programs.

Connecticut

CT Innovations Inc.
Technology Assistance Center
845 Brook Street
Rocky Hill, CT 06067
203/258-4305

CT Innovations is a quasi-public organization that acts as an information clearinghouse for technology related business programs and activities, provides linkages with federal agencies, and assists in new product market studies.

CT Commission on Business Opportunity,
Defense Diversification, and Industrial
Development
615 Goose Lane
Guilford, CT 06437
203/453-6273

A committee created by the state legislature to study the effects of defense cuts on Connecticut businesses and to make recommendations. The commission was a driving force behind the 1991 act concerning establishment of defense diversification initiatives.

CT Department of Economic Development
865 Brook Street
Rocky Hill, CT 06067
203/258-4201

This department is responsible for all state-level community adjustment assistance. The International Division is responsible for export and investment assistance to communities.

CT JTPA Title III Officer
CT State Department of Labor
200 Folly Brook Boulevard
Watersfield, CT 06109
203/566-7433

The Job Training Partnership Act state grantee.

Naugatuck Valley Project
47 Central Avenue
Waterbury, CT 06702
203/574-2410

The NVP is a regional, nonprofit organization in Connecticut that attempts to maintain Naugatuck Valley's industrial base through a variety of retention strategies. The Naugatuck Valley Project has been very successful in organizing community and employee buy-out strategies.

Delaware

Delaware Development Office
World Trade Section
820 French Street
Wilmington, DE 19801
302/577-6262

The state-level agency that provides export and international investment assistance to communities.

Maine

Center for Technology Transfer
59 Exeter Street
Portland, ME 04616
207/780-4616

This center focuses on the metal and electronics industries to facilitate the adoption of new manufacturing-management technologies, facilitate joint venturers, disseminate technology-based information, broker industry needs to public sources, and monitor emerging technology.

ME Department of Economic & Community
Development
State House #59
Augusta, ME 04333
207/289-2656

The state-level agency responsible for local economic adjustment assistance, and the agency that provides export and international investment assistance to communities.

ME Economic Conversion Project
Thornhurst Road
Falmouth, ME 04105
207/781-3947

The project works in partnership with diverse constituencies in the public, private, and nonprofit sectors to facilitate education, empowerment, and collaborative initiatives to promote a sustainable future.

ME State Economic Planning
State Economist
State House #38
Augusta, ME 04333
207/289-3261

The state agency responsible for studying the effects of defense spending in Maine and making policy recommendations to the state legislature.

Coordinator of Dislocated Worker Programs
ME Department of Labor
20 Union Street
State House #54
Augusta, ME 04330
207/289-5292
The JTPA state grantee.

Massachusetts

Center for Applied Technology
Bay State Skills Corporation
100 Summer Street - 2nd Floor
Boston, MA 02110
617/292-5100

CAT offers direct technical assistance to firms for application of new technology, equipment updating or acquisition, analysis of work organization, and financial and management analysis of impacts and associated cost/benefit of new technology.

Machine Action Project
1176 Main Street
Springfield, MA 01103
413/781-6900

MAP is an ongoing industry retention, expansion, and early warning network activist group that provides a variety of services to the defense dependant region and the nation. Some of MAP's ongoing projects include worker vocational training, industrial retention campaigns, business diversification assistance, technology transfer assistance, original research, early warning and industrial network maintenance, and conversion support.

MA Industrial Services Program
One Ashburn Place
Boston, MA 02108
617/727-8158

ISP specialists provide onsite services to troubled firms such as developing business plans, reviewing financial statements, evaluating marketing procedures and assessing operations. ISP can also offer loans to firms through the state's Economic Stabilization Trust.

MA Employment and Training Administration
Charles F. Hurley Building
Government Center
Boston, MA 02114
617/727-6600
The JTPA state grantee.

MA Office of International Trade
100 Cambridge Street
Suite 902
Boston, MA 02202
617/227-3488

The state-level agency that provides export and international investment assistance to communities.

New Hampshire

NH Department of Resources and Economic Development
Program Information Officer
Box 856, 105 London Road
Building 2
Concord, NH 03301
603/271-2591

The state agency responsible for coordinating all state-level economic adjustment projects and for providing export and investment assistance to communities.

NH Job Training Council
64 B Old Suncook Road
Concord, NH 03301
603/224-3311

The state JTPA administrator.

New Jersey

Center for Manufacturing Systems, Technology Extension
New Jersey Institute of Technology
Newark, NJ 07102
201/596-5819

The center helps small and medium-sized manufacturing firms applying known technology solutions to production, operations, and business problems by entering into industry partnerships ranging from consultations to research projects.

NJ Center for Public Dispute Resolution
Department of Public Advocate
Hughes Justice Complex
25 Market Street
CN 850
Trenton, NJ 08625
609/292-1773

The center provides: customized training in dispute resolution techniques; a neutral third party for negotiations and policy dialogues; and assistance to government agencies and courts in developing and implementing case management procedures.

NJ Office of International Trade
P.O. Box 47024
Newark, NJ 07101
201/648-3518

The state-level agency that provides export and international investment assistance to communities.

Program on Regional and Industrial Economics
Center for Urban Policy Research
Rutgers University
P.O. Box 489
Piscataway, NJ 08903
908/932-4587

PRIE is an academic study group that studies conversion policy issues.

Technology Extension Center in Information
Sciences
New Jersey Institute of Technology
Center for Information Age Technology
Newark, NJ 07102
201/596-3035

The center provides technical assistance to small businesses starting to computerize or upgrade their computer facilities.

New York

Industrial Effectiveness Program
New York Department of Economic Development
One Commerce Plaza
Albany, NY 12245
518/474-1131

This program helps manufacturing companies overcome competitive problems and achieve long-term viability through self-help measures.

Industrial Technology Extension Service
New York State Science and Technology
Foundation
99 Washington Avenue - Suite 1730
Albany, NY 12210
518/473-9796

This program helps to improve the competitiveness of the state's industrial sector by matching firms with public and private resources, researching, evaluating, and helping them to implement improved technical or managerial practices.

NY State Department of Commerce
International Division
Deputy Commissioner
1515 Broadway
New York, NY 10036
212/827-6200

The state-level agency that provides export and international investment assistance to communities.

NY State Department of Economic Development
One Commerce Plaza
Albany, NY 12245
518/474-4100

The state-level agency responsible for all local adjustment and development efforts. Conducted a 1991 assessment of defense spending in the state. Also inquire about the Empire State Manufacturing Service designed to stimulate industrial modernization in the state. Call directly at 518/474-1131.

Rhode Island

Economic Innovation Center
28 Jacome Way
Middletown, RI 02840
401/849-9889

The EIC is an operating collaborative of government, community, educational, and business entities working towards a prioritized program for: technological transfer, business networking, information acquisition, manufacturing innovation, and establishment of foreign partnerships.

RI Department of Administration
Division of Planning
Office of Strategic Planning
One Capitol Hill
Providence, RI 02908
401/863-1221

The state-level agency responsible for designing the state's strategic plan. The agency published "Defense Spending After the Cold War and The Rhode Island Economy" in 1990.

RI Department of Economic Development
7 Jackson Walkway
Providence, RI 02903
401/277-2601

The state-level agency responsible for all local adjustment activities and providing information regarding export and international investment assistance to communities.

Balance of State PIC
101 Friendship Street
Providence, RI 02903
(401) 277-2090

Private Industry Council for the balance of the state of Rhode Island.

Job Training Partnership Act (JTPA) funding recipient.

Providence/Cranston SDA
180 Westminster Street
2nd Floor
Providence, RI 02903
(401) 861-0800

JTPA funding recipient.

Northern Rhode Island Private Industry Council
640 Washington Highway
Lincoln, RI 02865-4243
(401) 333-3944

JTPA funding recipient.

Vermont

VT Department of Economic Development
Pavilion Office Building
109 State Street
Montpelier, VT 05602
802/828-3221

The state-level agency responsible for all local economic adjustment and development efforts. Contact the Director of International Business for information regarding export and international investment assistance to communities.

Mid-Atlantic Region

Regional FLC Coordinator
DoD-Naval Research Laboratory
4555 Overlook Ave., SW
Washington, DC 20375-5000
202/767-3744

Contact the regional coordinator of the Federal Laboratory Consortium (FLC) for information regarding the use of federal technology, small business workshops, and the use of the FLC Locator.

Regional Technology Transfer Center
Mid-Atlantic Technology Applications Center
University of Pittsburgh
823 William Pitt Union
Pittsburgh, PA 15260
412/648-7000

Contact the RTTC for information regarding using, transferring, or commercializing NASA's technology.

District of Columbia

Center for Dispute Settlement
1666 Connecticut Ave., NW
Washington, DC 20009
202/265-9572

The center offers direct mediation services or mediation training to communities and organizations.

DC Office of the Mayor
Director of Economic Development
1250 I Street, NW
Suite 1003
Washington, DC 20005
202/727-1576

The state-level agency responsible for all local economic development and adjustment activities. The agency also provided export and international investment assistance to communities.

Maryland

MD International Business Development
World Trade Center
7th Floor
401 E. Pratt Street
Baltimore, MD 21202
301/333-8180

The state-level agency that provides export and international investment assistance to communities.

MD Technology Extension Service
Engineering Research Center
University of Maryland
College Park, MD 20742
301/405-3883

The extension service provides access to new technology, guidance in using new technology, assistance prioritizing needs, insight into technology adoption, and training for all Maryland manufacturing firms.

**Maryland Department of Economic
& Employment Development**
217 East Redwood Street
Baltimore, MD 21202
301/333-6948

This is the state agency responsible for all state worker and business adjustment programs. This agency conducted an assessment of defense facilities, contractors, and subcontractors through an extensive three-part survey.

Pennsylvania

Delaware Valley Industrial Resource Center
12265 Townsend Road, Suite 500
Philadelphia, PA 19154
215/464-8550

One of eight regional, industrial resource centers established by the commonwealth to provide practical hands-on services to manufacturing companies.

Industrial Modernization Center, Inc.
Farm Complex
RD #5, Box 220-62A
Montoursville, PA 17754
717/368-8361

One of eight regional, industrial resource centers established by the commonwealth to provide practical hands-on services to manufacturing companies.

Manufacturers Resource Center
301 Broadway
Bethlehem, PA 18015
215/758-5599

One of eight regional, industrial resource centers established by the commonwealth to provide practical hands-on services to manufacturing companies.

Manufacturing Technology Industrial Resource Center
631 South Richland Ave.
P.O. Box 5046
York, PA 17405
717/843-5054

One of eight regional, industrial resource centers established by the commonwealth to provide practical hands-on services to manufacturing companies.

Northeast Pennsylvania Industrial Resource Center
Garden Village Professional Center
Suite 125
West Pittston, PA 18643
717/654-8966

One of eight regional, industrial resource centers established by the commonwealth to provide practical hands-on services to manufacturing companies.

Northwest Pennsylvania Industrial Resource Center
824 Peach Street
Erie, PA 16501
814/456-6299

One of eight regional, industrial resource centers established by the commonwealth to provide practical hands-on services to manufacturing companies.

PA Department of Commerce
Office of International Development
433 Farum Building
Harrisburg, PA 17120
717/787-7190

The state-level agency that provides export and international investment assistance to communities.

Southeast Region

Regional FLC Coordinator
Tennessee Valley Authority
400 W. Summit Hill Drive
Knoxville, TN 37902
615/632-6435

Contact the regional coordinator of the Federal Laboratory Consortium (FLC) for information regarding the use of federal technology, small business workshops, and the use of the FLC Locator.

Regional Technology Transfer Center
Southern Technology Application Center
University of Florida, College of Engineering
Box 24, One Progress Blvd.
Alachua, FL 32615
904/462-3913
(FL) 1-800-354-4832
(National) 1-800-225-0308

Contact the RTTC for information regarding using, transferring, or commercializing NASA's technology.

Alabama

Alabama Development Office
State Capitol
Montgomery, AL 36130
205/263-0048

The state-level agency responsible for all community economic adjustment activities. Contact the Director of International Marketing and Industrial Development for information regarding export and international investment assistance to communities.

Alabama Productivity Center
University of Alabama
P.O. Box 870318
Room 104 Farrah Hall
Tuscaloosa, AL 35487
205/348-8056

The center brings available expertise and university resources to firms for implementation of new processes, compiling forecasting models, and developing software or prototype software for clients' needs.

Industrial Modernization Program
Alabama Department of Economic and
Community Affairs
3465 Norman Bridge Road
P.O. Box 250347
Montgomery, AL 36125
205/284-8950

The program assists targeted industries that are economically lacking in efficiency due to low productivity, equipment, or methods.

Florida

Florida Department of Commerce
Bureau of International Trade and Development
331 Collins Building
Tallahassee, FL 32399-2000
904/488-6124

The state-level agency that provides export and international investment assistance to communities.

Florida High Technology and Industry Council
Executive Office of the Governor
The Capitol
Tallahassee, FL 32399-0001
904/487-3134

This state-level council promotes the development of a diversified, technology-based economy. The Council administers innovative programs in technology research, vocational education, economic development, and defense spending.

Georgia

Economic Development Laboratory
Georgia Technology Research Institute
Georgia Institute of Technology
Atlanta, GA 30332
404/894-3830

Using a network of regional offices and field staff, the laboratory provides manufacturers and local communities with information and technical assistance on new technologies, management tools and techniques, and access to problem solving engineering skills.

GA Department of Industry and Trade
Marquis Tower Two, Suite 1100
285 Peachtree Center
Atlanta, GA 30303
404/656-4504

The state-level agency responsible for industry adjustment and providing export and international investment assistance to communities.

Kentucky

Center for Robotics and Manufacturing Systems
University of Kentucky
220 Robotics Facility
Lexington, KY 40506-0108
606/257-6262

The center conducts research and factory assessments in the areas of metalworking processes, nontraditional manufacturing processes, and electronic manufacturing, among others.

Industrial Engineer Program
University of Kentucky
3860 U.S. Highway 60 West
Owensboro, KY 42301
502/926-4433

University engineers provide technical assistance to small and medium-sized firms.

KY Cabinet for Economic Development
Capitol Plaza
Frankfort, KY 40601
502/564-2170

The state-level agency responsible for local economic adjustment projects. Contact the Director of the Office of International Marketing for information regarding export and international investment assistance to communities.

Technology Assistance Program
P.O. Box 9005
Bowling Green, KY 42102-9005
502/781-7911

The program provides direct assistance and referrals for small and medium-sized businesses interested in increasing productivity and competitiveness by implementing higher technologies.

Louisiana

LA Department of Economic Development
P.O. Box 91455
Baton Rouge, LA 70804
504/342-5380

The state-level agency responsible for local economic adjustment and development projects.

LA Office of International Trade, Finance and Development
P.O. Box 94185
Baton Rouge, LA 70804-9185
504/342-9232

The state-level agency that provides export and international investment assistance to communities.

Mississippi

MS Department of Economic and Community Development
P.O. Box 849
Jackson, MS 39205
601/359-3449

The state-level agency responsible for all economic development and adjustment activities. Contact the Director of the Export Office for information regarding export and international investment assistance to communities.

North Carolina

Industrial Extension Service
North Carolina State University
P.O. Box 7902
Raleigh, NC 27695-7902
919/515-2358

To facilitate economic development and improve productivity and quality, the program provides engineering and management services such as technical assistance, information dissemination, applied research projects, and courses and workshops to businesses, industry, and local governments.

NC Department of Commerce
Director of International Marketing
430 N. Salisbury Street
Raleigh, NC 27611
919/733-7193

The state-level agency that provides export and international investment assistance to communities.

South Carolina

SC State Development Board
Box 927
Columbia, SC
803/737-0418

The state-level agency responsible for local economic adjustment activities and providing information regarding export and international investment assistance to communities.

Southeast Manufacturing Technology Center
University of South Carolina
College of Engineering
Swearingen Engineering Center
Columbia, SC 29208
803/777-9595

The center's primary task is to seek out emerging technologies from federal labs and universities, which can be used by small and medium-sized firms as they evolve technologically.

Tennessee

Center for Industrial Services
226 Capitol Boulevard
Su. 2 401
Nashville, TN 37219
615/242-2456

The center provides technical assistance by accessing university faculties in engineering, business, and management as well as consultants and center staff members to conduct needs assessments and identify other resources for assistance for in-state businesses.

TN Department of Economic and Community Development
320 6th Ave., North
Nashville, TN 37219
615/242-2456

The state-level agency responsible for local economic adjustment activities and for providing export and international investment assistance to communities.

Midwest Region

Mid West Center for Labor Research
3411 West Diversey Avenue
Suite 10
Chicago, IL 60647
312/278-5418

A nonprofit organization dedicated to helping industrial communities save manufacturing jobs. In addition to publications such as the "Early Warning Manual," MCLR conducts feasibility, labor impact, and industry retention studies for communities in the region.

Regional FLC Coordinator
DOE-Argonne National Laboratory
Technology Transfer Center
9700 S. Cass Ave.
Building 990, Room M3
Argonne, IL 60439-4841
708/252-5361

Contact the regional coordinator of the Federal Laboratory Consortium (FLC) for information regarding the use of federal technology, small business workshops, and using the FLC Locator.

Regional Technology Transfer Center
Battelle Memorial Institute
Great Lakes Technology Transfer Center
25000 Great Northern Corporate Center
Suite 450
Cleveland, OH 44070
216/734-0094

Contact the RTTC for information regarding using, transferring, or commercializing NASA's technology.

Illinois

Center for Advanced Manufacturing and Production
Southern Illinois University at Edwardsville
Box 1108
Edwardsville, IL 62026-1108
618/692-2166

Through the center, counseling, phone inquiries, and workshops may be conducted in areas such as product development, identification of vendors of new technology and software, business planning, small business development, international trade, and bidding on government contracts.

**IL Department of Commerce and Community
Affairs**

International Business Development Office
100 West Randolph, Room 3-400
Chicago, IL 60601
312/814-7166

The state-level agency that provides export and international investment assistance to communities.

Indiana

Calumet Project for Industrial Jobs
4012 Elm Street
East Chicago, IN 46312
219/398-6393

A nonprofit organization that maintains the longest running onsite early warning network in the country. The network consists of large manufacturers in the northern Indiana region.

**Indiana Business Modernization and Technol-
ogy Corporation**

One North Capitol Ave.
Suite 925
Indianapolis, IN 46204
317/635-3058

Representatives from the ten regional offices visit businesses to help identify and analyze technical and business problems and either provide solution assistance or identify resources that can be used.

**IN Department of Commerce
International Trade and Business Development**

One North Capitol
Suite 700
Indianapolis, IN 46204
317/232-8845

The state-level agency that provides export and international investment assistance to communities.

Technical Assistance Program
Purdue University
Civil Engineering Building, #G175
West Lafayette, IN 47907
317/494-6258

The program assists Indiana businesses, industries, and governments implement new technologies in the areas of product development, engineering, manufacturing methods, and industrial management.

Michigan

MI International Office
P.O. Box 30225
Lansing, MI 48809
517/373-1054

The state-level agency that provides export and international investment assistance to communities.

Midwest Manufacturing Technology Center

2901 Hubbar Road
P.O. Box 1485
Ann Arbor, MI 48106
313/769-4000

The center provides a variety of services to small and medium-sized tooling, machinery, plastic processes, and metal-forming firms such as problem assessment and solution identification, implementation, and integration.

**Technology Transfer Network
Michigan Department of Commerce**

P.O. Box 30225
Lansing, MI 48909
517/335-2139

Acts as a clearinghouse for information on the states university-based technology centers.

Minnesota

**MN Economic Conversion Task Force
Chairwoman, Representative Karen Clark**

State Office Building
Room 407
St. Paul, MN 55155
612/296-0294

The legislatively mandated task force that studied the impact of defense spending on Minnesota and made recommendations to the legislature.

Minnesota Jobs With Peace

1929 South 5th Street
Minneapolis, MN 55454
612/338-7955

Jobs With Peace is a private, nonprofit organization providing staff support, community education, fundraising, and other activities supporting and promoting economic conversion in Minnesota. Current activities include Unysis site work, producing their newsletter, and developing a plan for future conversion advocacy.

MN Trade Office
1000 World Trade Center
300 East 7th Street
St. Paul, MN 55101
612/297-4227

The state-level agency that provides export and international investment assistance to communities.

Ohio

Center for Mediation of Disputes, Inc.
8 West 9th Street
Cincinnati, OH 45202
513/721-4666

This nonprofit organization offers mediation and consultation services to public and private institutions.

Cleveland Coalition Against Plant Closings
The Regional Industry Center Project
1800 Euclid Avenue
Suite 314
Cleveland, OH 44115
216/566-8100

The Cleveland Coalition provides early warning training for local economic development departments and labor unions. Training includes an early warning manual and checklist they developed.

Ohio Department of Development
Small and Developing Business Division
State Office Tower II
77 South High Street
Columbus, OH 43215
614/644-9599

The state-level agency responsible for all local economic adjustment and development efforts including the 1990 report "Ohio's Changing Defense Procurement Patterns: A Company Perspective".

Ohio Department of Development
International Trade Division
77 South High St., 29th Floor
Columbus, OH 43215
614/466-5017

The state-level agency that provides export and international investment assistance to communities.

Ohio Technology Transfer Organization
Division of Technological Innovation
Ohio Department of Development
77 South High Street
26th Floor
Columbus, OH 43266
614/466-4286

The organization is responsible for the state's business development needs. It links with all university technology centers.

Wisconsin

WI Department of Economic Development
Bureau of International Development
123 W. Washington Ave.
Radison, WI 53703
608/266-1767

The state-level agency that provides export and international investment assistance to communities.

Mid-Continent Region

Regional FLC Coordinator
HHS/PHS/FDA-National Center for Toxicological Research
NCTR Drive
Jefferson, AR 72079-9502
501/543-7516

Contact the regional coordinator of the Federal Laboratory Consortium (FLC) for information regarding the use of federal technology, small business workshops, and using the FLC Locator.

Regional Technology Transfer Center
Commercial Technology Services
Texas A&M University System
310 Wisenbaker Engineering Research Center
College Station, TX 77843-3369
409/845-0538

Contact the RTTC for information regarding using, transferring or commercializing NASA's technology.

Arkansas

AK Industrial Development Commission
One State Capitol Mall
Little Rock, AK 72201
501/682-1121

The state-level agency responsible for local economic adjustment activities and providing export and international investment assistance to communities.

Center for Technology Transfer
University of Arkansas
131 Engineering Research Center
West 20th Street
Fayetteville, AK 72701
501/575-3747

The center helps entrepreneurs develop new ideas and businesses develop marketing plans as well as refer businesses to other resources in the state. The center also provides assistance in industrial and chemical engineering.

Colorado

Accord Associates
1898 South Flatiron Court
Boulder, CO 80301-2869
303/444-5080

An organization that offers mediation services, and provides training programs and workshops in dispute resolution.

CDR Associates
100 Arapahoe Ave.
Suite 12
Boulder, CO 80302
303/442-7367

Provides training, and consultation services to public and private sector organizations.

Governor's Office of Economic Development
1625 Broadway
Suite 1710
Denver, CO 80202
303/892-3850

The state-level agency responsible for all local economic adjustment and development activities and for providing export and international investment assistance to communities.

Iowa

Center for Industrial Research and Service
500 Iowa State University Research Park
Ames, IA 50010
515/294-0932

The center's staff specialists, private liaisons, and university expertise provides Iowa businesses with problem identification, assessment, implementation, and follow-up services in the areas of productivity engineering, marketing, and management.

IA Department of Economic Development
200 E. Grand Ave.
Des Moines, IA 50309
515/242-4743

The state-level agency responsible for local economic adjustment efforts and for providing export and international investment assistance to communities.

Kansas

Center for Technology Transfer
Pittsburg State University
1701 South Broadway
Pittsburg, KS 66762
316/235-4114

The center provides a variety of technology management services to Kansas firms including design, testing, prototype, product development, and processing assistance through analysis, training, and educational services.

Industrial Liaison Program
112 West 6th Street
Suite 400
Topeka, KS 66603
913/296-5272

The program helps small businesses and entrepreneurs overcome production or technical problems, improve production processes, and capitalize on advanced production techniques and technologies through technical assistance from its two regional offices.

KS Department of Commerce
Trade Development Division
400 8th Street
Suite 500
Topeka, KS 66603
913/296-4027

The state-level agency that provides export and international investment assistance to communities.

Mid-American Manufacturing Technology
Center
8208 Melrose Drive
Lenexa, KS 66214
913/888-5832

This recently created center will attempt to create a "Technology Transfer Delivery System" that will help small manufacturing firms incorporate technology into their operations. The center is also planning to design, build and operate a mobile factory for on-site training seminars.

New Mexico

NM Economic Development and Tourism
Department
1100 St. Francis Drive
Santa Fe, NM 87503
505/827-0300

The state-level agency responsible for all local economic development and adjustment activities. Contact the Director of International Development at 505/827-0309 for information on export and international investment assistance to communities.

Missouri

Center for Technology Transfer and Economic
Development
University of Missouri
212 Mechanical Engineering Annex
Rolla, MO 65401
314/341-4555

The center is an umbrella organization providing referral services to small and medium sized businesses for the Manufacturing Research and Training Center, the Missouri Extension Service Teams, and the NASA Industrial Application Program.

MO International Business Office
P.O. Box 1157
Jefferson City, MO 65102
314/751-4855

The state-level agency that provides export and international investment assistance to communities.

Montana

MT Department of Commerce
Business Development Division
International Trade Office
1429 9th Ave.
Helena, MT 59620
406/444-4380

The state-level agency that provides export and international investment assistance to communities.

University Technical Assistance Program
402 Roberts Hall
Montana State University
Bozeman, MT 59717
406/994-3812

Program staff and university faculty provide on- and offsite needs assessments, solution identification, and resource referrals to in-state manufacturers.

Nebraska

NE Department of Economic Development
P.O. Box 94666
State Capitol
Lincoln, NE 68509
402/471-3770

The state-level agency responsible for local economic adjustment activities and providing export and international investment assistance to communities.

Technical Assistance Center
Room W191, Nebraska Hall
University of Nebraska--Lincoln
Lincoln, NE 68588-0535
402/472-5600

The center attempts to improve in-state businesses productivity by providing technical assistance and information on engineering and technical issues.

North Dakota

Center for Innovation and Business Development
University of North Dakota
Box 8103
(212 Harrington Hall)
Grand Forks, ND 58202
701/777-3132

The center helps conduct product feasibility studies, develop and analyze business plans, prepare financing packages, write grant proposals, and identify problems for entrepreneurs, researchers, small manufacturers, and inventors.

ND Department of Economic Development
1833 E. Bismark Expressway
Bismark, ND 58504
701/221-5300

The state-level agency responsible for local economic development activities. Contact the International Trade Division for information regarding export and international investment assistance to communities.

Oklahoma

OK Department of Commerce
International Division
6601 Broadway Extension
P.O. Box 26980
Oklahoma City, OK 73126
405/843-9770

The state-level agency that provides export and international investment assistance to communities.

South Dakota

SD Economic Development and Tourism
Office
Capitol Lake Plaza
Pierre, SD 57501
605/773-5032

The state-level agency responsible for all economic development and adjustment activities and for providing export and international investment assistance to communities.

Texas

Governor's Economic Transition Task Force
P.O. Box 12428
Austin, TX 78711
512/463-1814

The task force monitors the impact of defense spending cuts in Texas and makes recommendations to the governor.

Technology and Business Development Center
310 Wisenbaker Engineering RC
College Station, TX 77843
409/845-0538

This program promotes through its Municipal Assistance, the Technical Assistance, and Research Assistance Programs the application of technology-related research to increase economic growth and encourage industrial and entrepreneurial development.

TX Office of International Trade
816 Congress, Suite 1200
P.O. Box 12728
State Capitol
Austin, TX 78711
512/472-5059

The state-level agency that provides export and international investment assistance to communities.

Utah

Utah Department of Commerce and Economic Development
324 South State Street
Salt Lake City, UT 84114
801/538-8736

The state-level agency responsible for all economic development, economic adjustment, and export and international investment assistance to communities.

Wyoming

Wyoming Office of the Governor
Director of International Trade
Cheyenne, WY 82002
307/777-6412

The state-level agency that provides export and international investment assistance to communities.

Far West Region

Regional FLC Coordinator
DoD-Naval Ocean Systems Center
271 Catalina Blvd.
San Diego, CA 92152
619/553-2101

Contact the regional coordinator of the Federal Laboratory Consortium (FLC) for information regarding the use of federal technology, small business workshops, and using the FLC Locator.

Regional Technology Transfer Center
University of Southern California
3716 South Hope Street - Suite 200
Los Angeles, CA 90007-4344
213/743-6132
(CA) 1-800-642-2872
(National) 1-800-872-7477

Contact the RTTC for information regarding using, transferring, or commercializing NASA's technology.

Alaska

State of Alaska
Office of International Trade
3601 C Street
Suite 798
Anchorage, AK 99503
907/561-5585

The state-level agency that provides export and international investment assistance to communities.

Arizona

AZ Department of Commerce
Director, International Business and Trade
3800 N. Central
Phoenix, AZ 85102
602/280-1371

The state-level agency that provides export and international investment assistance to communities.

California

Aerospace Task Force
6922 Hollywood Blvd.
Los Angeles, CA 90028
213/462-5111

ATF is a coalition that attempts to mitigate the problems defense downsizing has on the Los Angeles region. ATF has three principle goals: educate the public, promote diversification, and lobby for adjustment support at the state and federal levels.

CA Commission on State Finance
915 Capitol Mall
Suite 435
Sacramento, CA 95814
916/653-2664

Produced state-level reports on the impact of defense spending in California for 1990 and 1991.

CA Department of Commerce
801 K Street
Suite 1700
Sacramento, CA 95814
916/322-1394

This state agency provides a variety of services to communities and businesses. CADoC publishes a semi-annual newsletter titled "Bear Tracks" and tracks in-state technology transfer efforts.

CA World Trade Commission
Director of Export Development
1121 L Street
Suite 310
Sacramento, CA 95814
916/324-5511

The state-level agency that provides export and international investment assistance to communities.

Center For Working Life
600 Grand Ave.
Suite 305
Oakland, CA 94610
510/893-7343

The center offers technical assistance to communities adjusting to base or plant closings. It specializes in peer counselling, labor-management councils, and outreach strategies. The center's primary publications include "Starting Over" a handbook for dislocated workers. It is a how-to book on facilitating job clubs that include participant handouts and worksheets.

Hawaii

HI Department of Business and Economic
Development
P.O. Box 2359
Honolulu, HI 96804
808/548-3048

The state-level agency responsible for all economic development activities. Contact the Trade and Industry Development Branch for information regarding export and international investment assistance to communities.

Idaho

ID Department of Commerce
Division of International Business
700 West State Street
2nd Floor
Boise, ID 83720
208/334-2470

The state-level agency that provides export and international investment assistance to communities.

Nevada

NV Commission on Economic Development
Capitol Complex
Carson City, NV 89710
702/687-4325

The state-level agency responsible for all economic adjustment activities, and for providing export and international investment assistance to communities.

Oregon

Confluence Northwest
P.O. Box 8182
Portland, OR 97207
503/243-2663

This organization offers mediation, facilitation, training, and conflict management systems design.

Oregon Economic Development Department
International Trade Division

121 SW Salmon
Suite 300
One World Trade Center
Portland, OR 97204
503/229-5625

The state-level agency that provides export and international investment assistance to communities.

Washington

Mediation Institute
605 First Ave.
Suite 525
Seattle, WA 98104-2244
206/624-0805

The institute provides mediators, conducts training workshops, and produces publications on conflict resolution.

Washington Community Diversification
Advisory Committee
Department of Community Development
906 Columbia Street, SW
P.O. Box 48300
Olympia, WA 98504-8300
206/753-2200

This committee published "Diversification: Strategies for Military-Dependent Communities, Firms, and Workers" in Washington State." Members of the committee represent a cross-section of military-oriented businesses, economic development authorities, labor organizations, state and local agencies, peace activists, and representatives of the military.

WA Department of Trade and Economic
Development
Import/Export Office
2001 6th Avenue
26th Floor
Seattle, WA 98121
206/464-7143

The state-level agency that provides export and international investment assistance to communities.

APPENDIX C

Bibliography

- Applegate, Jane; "Business Development Centers Offer One-to-One Counseling"; *The Washington Post*, November 19, 1991.
- Ashton, Carolyne; "Community Problem Solving Case Summaries Volume II"; Program for Community Problem Solving; Washington, DC; October 1989.
- Atkin, Jerry; Chersky, Barry, and Schore, Lee; *Starting Over: A Survival Guide for Laid-Off Workers*; Center for Working Life, Oakland, CA; 1990.
- Balfe, Kevin; *Planning for Workforce Reductions: A Technical Assistance Guide for Employers*; National Alliance of Business, Washington, DC; 1984.
- Black, Harry; *Achieving Economic Development Success: Tools that Work*. International City Management Association, Washington, DC; 1991.
- Broad, William J.; "Pentagon Wizards of Technology Eye Wider Civilian Role"; *New York Times*, October 22, 1991.
- Burgess, John; "Secretive Weapons Labs Seek Shift From Bombs to Business"; *The Washington Post*, November 11, 1991.
- Carpenter, Susan; "Community Problem Solving by Consensus"; Program for Community Problem Solving, Washington, DC. 1990.
- Chapman, Robert E., et. al.; *Technology-Based Economic Development: A Study of State and Federal Technical Extension Services*, U.S. Department of Commerce, National Institute of Standards and Technology, Washington, DC; June 1990.
- Dane, Suzanne G.; *Mainstreet: The Small Business Retention, Expansion and Recruitment Project*; National Trust for Historic Preservation, Washington, DC; 1987.
- Dane, Suzanne G.; *New Directions For Urban Main Streets*; National Trust For Historic Preservation, Washington, DC; 1988.
- Darrington, John C.; *Local Officials Guide to Goal Setting*; National League of Cities, Washington, DC; 1992.

- DiFilippo, Anthony; *How the Military-Serving Firm Differs From the Rest*; National Commission for Economic Conversion and Disarmament, Washington, DC; March 1991.
- Fawbush, Wayne; "European Economic Development Ideas Take Root in Oregon"; *Transatlantic Perspectives*, Autumn 1991.
- Feekin, Lynn and Nissen, Bruce; "Early Warning of Plant Closings: Issues and Prospects"; *Labor Studies Journal*, Vol. 16, November 4, 1991.
- Fosler, Scott (Editor); *Local Economic Development Strategies for a Changing Economy*. International City Management Association, Washington, DC; 1991.
- Fox Gorte, Julie; *Making Things Better: Competing in Manufacturing*; U.S. Congress, Office of Technology Assessment, Washington, DC; February, 1990.
- Flax-Hatch, David; *Banking in the Public's Interest: Promoting Community Development with the Public Deposits for Cities and States*; Woodstock Institute, Chicago, IL; July 1991.
- Gregerman, Alan S.; *Competitive Advantage: Framing a Strategy to Support High Growth Firms*. National Council for Urban Economic Development, Washington, DC; 1984.
- Gregerman, Alan S.; "Rekindling the Future"; *Economic Development Commentary*; National Council for Urban Development, Washington, DC; Winter 1991.
- Hatch, C. Richard; *Flexible Manufacturing Networks: Cooperation for Competitiveness in a Global Economy*. The Corporation for Enterprise Development, Washington, DC; 1988.
- Hatch, C. Richard; "Learning From Italy's Industrial Renaissance"; *The Entrepreneurial Economy: Special Report on Manufacturing Networks*; July/August 1987.
- Herdan, Bernard; "Transferring Ideas from Defense to Industry: A Significant Challenge"; *Economic Development Abroad*; December 1988.
- Himmelman, Arthur Turovh; "Communities Working Collaboratively for a Change"; Humphrey Institute of Public Affairs, University of Minnesota; November 1990.
- Hoskins, Anne; *Economic Initiatives: Special Report on Economic Conversion*; Center for Policy Alternatives, Washington, DC; July 1991.
- Huey, John; "The Best Cities for Business"; *Fortune*, November 4, 1991.
- Kane, Matt and Peggy Sand; *Economic Development: What Works at the Local Level*; National League of Cities, Washington, DC; December 1988.
- Kane, Matt and Duggan, Paula; *Dislocated Workers: Coping with Competition and Conversion*; Northeast-Midwest Institute, Washington, DC; 1991.
- Kirby, Andrew (Editor); *"The Pentagon and the Cities,"* Volume 40, Sage Publications, Newbury Park, California; 1992.

- LaPorte, Todd M.; *Global Arms Trade*; U.S. Congress, Office of Technology Assessment, Washington, DC; April 1991.
- LeRoy, Greg, Swinney, Dan, and Carpenter, Elaine; *Early Warning Manual Against Plant Closings*; Midwest Center for Labor Research, Chicago, IL; 1988.
- Lynch, John E.; *Economic Adjustment and Conversion of Defense Industries*, Westview Press, Boulder, Colorado; 1987.
- Lynch, John E.; *Plant Closures and Community Recovery*; The National Council for Urban Economic Development, Washington, DC; January 1990.
- Marshall, Edward M.; *Local Officials Guide to Small Business Partnerships*; National League of Cities, Washington, DC; 1989.
- Matzkin, Kenneth; *Diversifying Defense Dependent Communities*; President's Economic Adjustment Committee, Washington, DC; November 1989.
- Mayer, Virginia M.; *Small City Economic Development: Roads to Success*; National League of Cities, Washington, DC; 1991.
- Mayer, Virginia M., Sampanes, Marina, and Carras, James; *Local Officials Guide to the Community Reinvestment Act*; National League of Cities, Washington, DC; 1991.
- Mazza, Jacqueline and Mayer, Virginia M.; *Shutdown: A Guide for Communities Facing Plant Closings*; Northeast-Midwest Institute, Washington, DC; January 1982.
- Misner, Michael; "From Defense to Environment"; *Waste Age*; June 1991.
- Morrison, David C.; "Cushions for Contractors"; *National Journal*, January 13, 1990.
- Pearlstein, Steven; "Reining in Pentagon's Think Tanks: Congress Moving to Cut Budgets, Ban Interlocking Directorships"; *The Washington Post*, July 28, 1992.
- Roberts, Brandon; *Incubator Training Manual*; The Council of State Community Affairs Agencies, Washington, DC; November 1988.
- Schmidt, Conrad Peter and Steven Kosiak; *Potential Impact of Defense Spending Reductions on the Defense Industrial Labor Force by State*, Defense Budget Project, Washington, DC; March 1992.
- Sugawara, Sandra; "Maryland High-Tech Firms Reduce Reliance on U.S."; *The Washington Post*, October 21, 1991.
- Tolchin, Martin; "Goal for Military Research Ignite Debate"; *New York Times*, September 13, 1991.

Vartabedian, Ralph; "Aerospace Moves; Hidden Costs Often Negate Gains"; *Los Angeles Times*, March 9, 1991.

Wagner, Richard; *Revitalizing Downtown 1976-1986*; The National Trust for Historic Preservation, Washington, DC; 1988.

Whitehead, David.; "FYI: The Impact of Private-Sector Defense Cuts on Regions of the United States"; *Economic Review*; Federal Reserve Bank of Atlanta; March/April 1991.

After the Cold War: Living With Lower Defense Spending; U.S. Congress, Office of Technology Assessment, Washington, DC; February 1992.

California Business Retention and Expansion Program: A Guidebook for Communities, California Department of Commerce, Sacramento, CA; August 1991.

Building Together: Investing In Community Infrastructure; Government Finance Research Center, Chicago, Illinois; 1990.

Communities in Transition: Strategic Responses to Military Reductions; National League of Cities, Washington, DC; November 1991.

Community Problem Solving Case Summaries; Program for Community Problem Solving, Washington, DC; November, 1988.

Diversification: Strategies for Military-Dependent Communities, Firms, and Workers in Washington State, State of Washington, Department of Community Development, Olympia, WA; January 1992.

Diversifying Defense Dependent Communities: EAC Community Guidance Manual XI. Department of Defense, Office of Economic Adjustment, Washington, DC; November 1989.

Economic Adjustment/Conversion; Office of Economic Adjustment, U.S. Department of Defense, Washington, DC; July 1985.

Governor's Guide to Economic Adjustment; Center for Policy Research, National Governor's Association, Washington, DC; 1992.

Integrating Commercial and Military Technologies for National Strength: An Agenda for Change. Center for Strategic and International Studies, Washington, DC; March 1991.

Making Things Better: Competing in Manufacturing, Congress of the United States, Office of Technology Assessment, Washington, DC; February 1990.

Nashua at the Crossroads: A Strategic Plan for the Future; Volume I and II; Mt. Auburn Associates, Somerville, MA; June 12, 1991.

"Collaborative Problem Solving"; *National Civic Review*; National Civic League Press, Washington, DC; March 1991.

St. Louis Adjustment & Diversification Program; St. Louis Economic Adjustment and Diversification Task Force, St. Louis, MO; 1992.

Technology and Structural Unemployment: Reemploying Displaced Adults; Congress of the United States, Office of Technology Assessment, Washington, DC; February 1986.

The Design and Management of State and Local Revolving Loan Funds: A Handbook; Mt. Auburn Associates, Summerville, MA; August 1987.

The Economy and National Defense: Adjusting to Military Cutbacks in the Post-Cold War Era. Committee for Economic Development, New York; 1991.

The Economic Effects of Reduced Defense Spending: A CBO Study; Congress of the United States, Congressional Budget Office, Washington, DC; February 1992.

Responding to Changing Threats: A Report of the Defense Budget Project's Task Force on the FY 1992 - 1997 Defense Plan; Defense Budget Project, Washington, DC; 1991.

Worker Training: Competing in the New International Economy; Congress of the United States, Office of Technology Assessment, Washington, DC; September 1990.



NOTES



NOTES



NOTES



NOTES



NOTES



NOTES



About the National League of Cities

The National League of Cities was established in 1924 by and for reform-minded state municipal leagues. It now represents forty-nine leagues and more than 1,400 cities directly, and through the membership of the state municipal leagues, some 17,000 cities indirectly.

NLC serves as an advocate for its members in Washington in the legislative, administrative, and judicial processes that affect them; develops and pursues a national urban policy that meets the present and future needs of our nation's cities and the people who live in them; offers training, technical assistance, and information to municipal officials to help them improve the quality of local government in our urban nation; and undertakes research and analysis on topics and issues of importance to the nation's cities and towns.



NATIONAL LEAGUE OF CITIES
1301 Pennsylvania Avenue, N.W.
Washington, D.C. 20004
(202) 626-3000